The Washington Monthly

APRIL 1995/$3.95

Nicholas Lemann on the importance of fatherhood

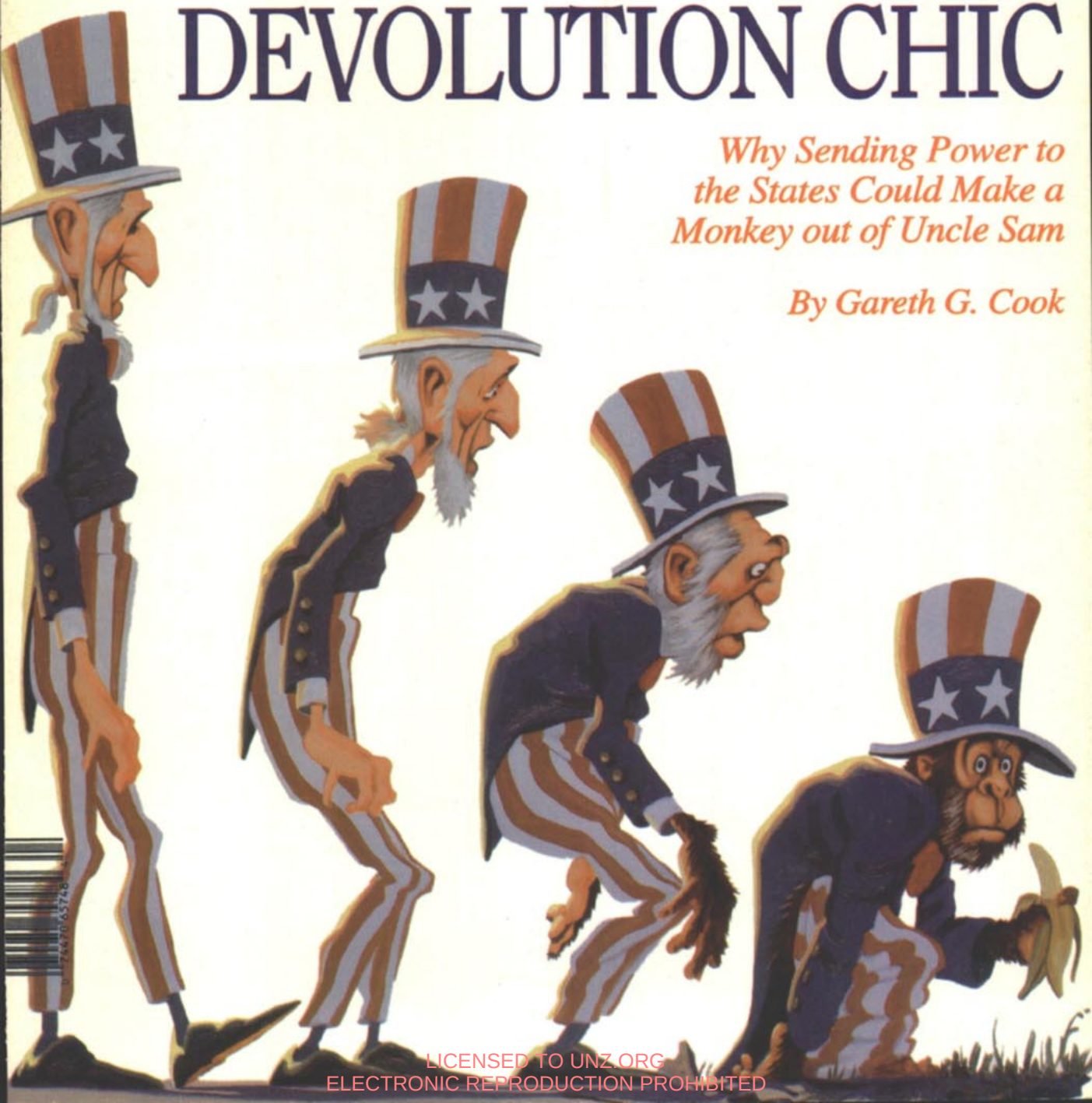
Tommy Boggs and the death of health care reform

Charles Peters on the summer that saved the West

DEVOLUTION CHIC

Why Sending Power to the States Could Make a Monkey out of Uncle Sam

By Gareth G. Cook



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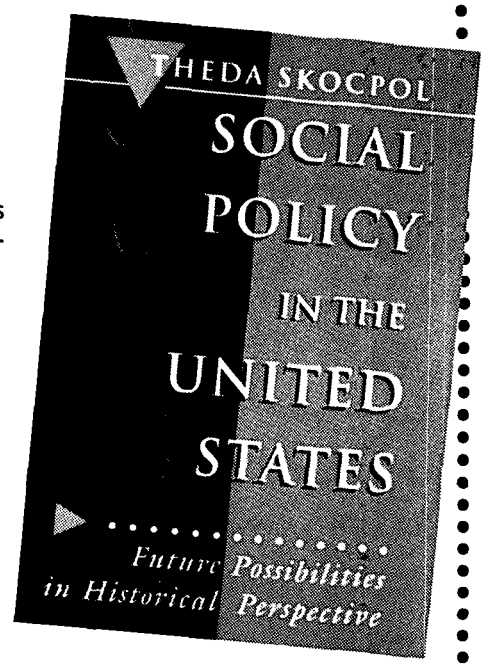
Policy Shifts

Social Policy in the United States

Future Possibilities in Historical Perspective

Theda Skocpol



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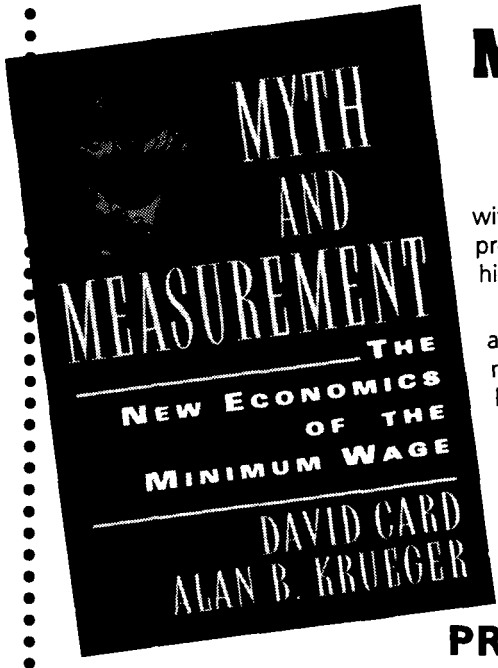

Myth and Measurement

The New Economics of the Minimum Wage

David Card and Alan B. Krueger

David Card and Alan B. Krueger have already made national news with their pathbreaking research on the minimum wage. Here they present a powerful new challenge to the conventional view that higher minimum wages reduce jobs for low-wage workers.

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Cover art by James Bennett

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Letters

Mintzing Words

I have to agree with Morton Mintz that in general the media missed the story of the great GATT debate ("Stories the Media Miss," March), but I disagree on the specifics. After accusing the Big Four newspapers of parroting the pro-GATT views of multinationals and their government allies without doing any original reporting, he commits the same offense in favor of the anti-GATT side.

Mintz raises the tired argument, favored by the Buchananite wing of the GATT opposition, that the U.S. can be outvoted in the World Trade Organization by "rotten little dictatorships." This argument demonstrates ignorance of decades of GATT history. In certain limited cases, the WTO does provide for voting. But in actuality, decision-making in the GATT has been and will continue to be based on economic power, not on population or on one-country-one-vote. Nothing significant happens in the GATT if we do not want it to.

This anti-GATT argument "sunk in with the public" not because of "major nonfeasance by the mainstream press," as Mintz alleges, but because the arguments for the other side do not hold up when closely examined.

Despite the criticisms, Mintz is correct on other points. Quite often, the media did mindlessly repeat the arguments of the pro-GATT side, as it did occasionally with anti-GATT positions. Like Mintz, I wish the debate in the press had been more substantive. Unlike Mintz, I believe such a debate would have demonstrated the benefits of GATT.

John F. Gay
Arlington, VA

Gen-X History

Jon Meacham's article on "The Truth about Twentysomethings" (January/February) is only partially correct. As a graduate history student and a twentysomething, I have found that not only twentysomethings, but the entire citizenry, seriously lack historical knowledge. I can offer, for those wary of drudging through history books, one document that will substantially increase historical awareness in a short time: the U.S. Constitution. This erudite yet commonsensical document explains more about the government than any book or magazine or talk show ever could, for it is the foundation of the government without journalistic or scholarly embellishment. By understanding this document, people can decide for themselves whether the federal government should be running a railroad or a television station or imposing racial quotas.

Finally, I take offense to those who believe the twentysomething generation is mediocre. Twentysomethings will believe that improvement is possible once they are given a larger dose of liberty, which can only come from less government. Only time will tell how this generation will turn out. It might have started on a discordant note, but its finale will be harmonious.

Art Hobbs
San Angelo, TX

Tilting at Nurses

In the January/February issue, Charles Peters took issue with a *New York Times* op-ed that I wrote with Ellen Baer. Unfortunately, Peters has misread our argument.

Baer and I never have, and never would, argue that the replacement of Registered Nurses with untrained aides is a narrow issue of licensure. The issue is not which initials come after the name of those caring for acutely ill patients in hospitals. The issue is education, morale, pay, and opportunities for advancement.

In hospitals today, untrained techs are being used to replace nurses, not to help them. Indeed, what we are seeing today is a return to the hospital/company-owned school that treated pupil/nurses like indentured servants. Once again we are subsidizing the latest round of hospital growth—mergers and acquisitions, assembling of integrated networks, attempts to underbid other hospitals to lure managed care contracts, and so forth—with the ill-paid labor of women. The techs that Peters so valiantly tries to protect are, of course, not the problem.

The decimation of nursing is not a narrow, professional issue. It is an immensely complicated public health issue, a woman's issue, and a moral issue. Once again America is failing to account for what counts—caregiving—and to pay what it really costs to care.

Suzanne Gordon
Arlington, MA

We Fought the Law...

In his review of Philip Howard's book, "The Death of Common Sense" (January/February), Robert Nagel gives a good explanation of where respect for the law has gone too far. There is no doubt we suffer because of legalistic lemmings who have turned the law into a defense of selfish interests. But Nagel and Howard should have turned their focus toward identifying the proper role for law and for those creatures of the court we call lawyers. Otherwise, we run the risk of throwing the baby out with the bathwater.

I worry that there are some who would take advantage of the legal mess we are in to supplant it with their own selfish priorities. One of the least appreciated Nazi offenses was their perversion of the law, but respect for the law was well understood by the odd band of liberals and conservatives who conspired to overthrow Hitler in July 1944. Respect for law was a focal point of the speech they planned to deliver had they succeeded.

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"No human society can exist without law," it read. "No one, including the person who thinks that he despises law, can do without it."
Stephen H. Kaiser
Cambridge, MA

Pension Bombs

Gareth Cook's "The Pension Time Bomb" (January/February) simply regurgitates, in some instances without citation, the time-worn, flawed arguments of critics and detractors of federal workers and retirees. His refusal, even when invited, to interview those who would dispel many of the myths and half-baked truths he promotes speaks volumes about his true intent—to fuel the flames of public discontent with the hopes of a reprint in *Reader's Digest*.

For example, Cook cites a Bureau of Labor Statistics (BLS) study that shows a private sector worker "making $35,000 and retiring at age 65 with 30 years of service can expect about $10,800 a year in pension payments from his employer." But the same BLS study shows that the private sector retiree in his example will actually receive $22,015 a year when Social Security is included. The Civil Service Retirement System (CSRS), which covers some 90 percent of current federal civilian retirees, provides no Social Security payments.

Regarding the "unfunded liability" of the federal retirement system, a Congressional Research Service report notes, "Governments are perpetual institutions that do not go out of business." Mr. Cook's treatment of the "unfunded liability" issue reveals his lack of understanding of how the civil service retirement trust fund operates.

Finally, all federal workers hired after 1983 are covered by a new system, the Federal Employee Retirement System (FERS). The Wyatt Company, a nationally recognized economic research firm, has stated, "The differences between FERS and CSRS satisfy several long-term policy goals, in addition to reducing the cost of retirement benefits for federal employees." Now that is something to write about.
Al James Golato
Vice President
National Association of Retired Federal Employees

The author responds: It is true that federal employees under the old system did not receive Social Security when they retired. But it is also true that they were exempt from the regressive Social Security tax—which everyone else must pay—for their entire civil service career. Second, Mr. Golato says I did not give NARFE a chance to present its side. In fact, I spoke with several people in his office; they all had my phone number. I even stopped by Golato's office, picked up a book NARFE publishes to "dispel myths," and read it through. Third, he claims I do not understand the meaning of "unfunded liabilities." But I never claimed that the government was about to "go out of business." I said it was irresponsible—and unfair—for *future* generations to pay for *today's* government services. Does he disagree? Finally, he says I should write about the FERS reform. That's on the last page of the article.

Big Whoop

James Fallows's well written review of *Race and Culture* glanced at a point so often missed in the *Bell Curve* discussion: IQ is measured by an IQ test, which tests the ability to test well.

If you are good at such analogies as "Brickbat is to antelope as (a) epithelium is to flotsam, (b) quark is to bleen, (c) I & II but not III, (d) II only, (e) none of the above," you are "brilliant." Big whoop.

In our country, "ability" so tested entitles one—or not—to higher education. In Europe, it is written and oral testing of an essay/discussion variety. Who cares if a race does well on the SAT? The tests measure nothing. Unfortunately, they control a lot.
Peter Munsing
Wyomissing, PA

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Tilting at Windmills

In the history of mass delusion, the conviction so firmly held by blacks—68 percent according to the latest poll—that O.J. Simpson is innocent will surely rank high. The latest example of the effect it is having is supplied by Kenneth Noble of *The New York Times* who reports that Simpson's attorney, Johnnie Cochran, Jr., at a recent social event was toasted by a leading black publisher as "our new Joe Louis." Even more unsettling than the number of blacks who think Simpson is innocent is the number who, according to the latest Harris poll, think he is guilty: Eight percent. Who do all the others think did it? Heidi Fleiss?...

At least seven Supreme Court justices and other federal court judges took free trips paid for by the West Publishing Company while cases involving the company were pending in the federal court system, according to the *Minneapolis Star-Tribune*. West, the leading publishers of court decisions, has been trying to protect itself against potential competitors such as Lexis-Nexis. Among the current and retired justices who accepted the free travel were Sandra Day O'Connor, Anthony Kennedy, Antonin Scalia, John Paul Stevens, Lewis F. Powell, Byron White, and William J. Brennan. Powell used to suggest resorts such as Caneel Bay, "a place my wife Jo and I have always hoped to visit," and "the Breakers Hotel in Palm Beach—on the water, superior facilities, and affording many interesting things to do and places to see—particularly for our ladies."

During this period, Powell participated in three court actions involving West Publishing. In each instance, according to the *Star-Tribune*, the judges meeting behind close doors declined to overturn lower court rulings that favored the company. Will somebody explain to me the distinction between what Powell did and what Mike Espy was forced to resign for?...

We've pointed out in the past how Dwayne Andreas of Archer, Daniels, Midland is an infamous contributor to politicians of both parties. Now that he's funding MacNeil/Lehrer, can the other evening news programs be far behind?...

The closest to an endorsement I've been able to find for our term-limits-for-bureaucrats proposal comes from an article in the business section of *The New York Times*. Its author, Robert M. Tomasko, advocates term limits for corporate executives. The top man would be limited to eight or ten years, and those under him to shorter terms.

Tomasko puts no limit on how long the subordinates can work for organizations. In this, he differs from the *Monthly* proposal for government employees, which would require roughly half to leave the government when their time is up. There are three reasons for this: (1) It would bring a steady flow of new blood into government. (2) It would create a more sophisticated electorate by returning to private life citizens who have an understanding of government that comes from having been there. (3) It would attract a more courageous, self-assured group of people to government service, people who would be confident that they would be able to find a job in the private sector when they have finished their government service.

For veteran readers who are beginning to suspect they've seen these points a good many times before, please hang in there as I'm going to tell you our new, simplified, term-limits proposal. Leave the Senate and half the civil service, as they are to provide continuity. Put the House of Representatives and the other half of the civil service under a system of four-year terms, with a maximum of three terms for a total possible tenure of twelve years. At the end of each four-year term, the civil servant could be let go—without having to go through the cumbersome and time-consuming firing procedures of the civil service—or the congressman could be defeated. If they don't perform, we can get rid of them. On the other hand, if they're good, we can keep them around for as long as twelve years. An incidental advantage of this proposal—veteran readers are well aware of this point, and can now skip to the next item—is that it is the only term limit proposal I've heard that has a real carrot for the congressmen. Instead of having to run every two years, which they hate more than anything other than having to attend fund-raisers, they can get twelve years with only three elections....

A couple of years ago, when

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those truck-like sports utility vehicles—like the Chevrolet Suburban or the Ford Explorer—began to dominate the roads, I started wondering why, especially when I saw so many driven by yuppies who were obviously using them not on rough country roads but strictly to get to the office or the nearest shopping mall. The explanation now heard from anthropologists hired by the car companies: People want a feeling of control. As James Bennet of *The New York Times* puts it, "Bombing down a freeway in a jumbo Suburban, watching blinkers flare to life on puny sedans as they skitter out of the way, one gets a sense of, well, mastery." The catch is that feeling masterful may cost us much of the progress we've made towards energy efficiency. The Explorer gets 14 miles to the gallon, and the Suburban only nine....

One of the more obviously wrong incentives created by federal rules is that maintenance delays on commercial airliners are not excluded from the on-time statistics that the government keeps. So the mechanic who, just as passengers are getting ready to board a plane sees something that needs to be fixed, is going to be tempted not to do it if the scheduled departure will be delayed and his airline's on-time record marred....

One of the leading Republican crusaders against regulation is Rep. Tom DeLay, the House majority whip. He demonstrates why many of us who are perfectly willing to admit that some regulation is unwise are fearful of the simple-minded, undiscriminating approach taken by most of the GOP.

Why does DeLay hate regulation? He used to run a pest-control business, and "they" banned chemicals, he says. What chemicals? DDT. You might remember it was made famous thirty years ago by Rachel Carson, in her landmark book *Silent Spring*. It was banned because it caused cancer.

Is there any regulation he would keep? *The Wall Street Journal's* Timothy Noah asked DeLay. His reply: "Not that I can think of."...

Paul Preston's new biography of Francisco Franco reminds me that while El Caudillo is in most respects an unattractive, even repellent, figure, he does deserve to be awarded the chutzpah championship of the twentieth century. Remember when Hitler was at the height of his power in 1940, he went to Franco—yes, Hitler did the traveling, going from Berlin to Hendaye on the French-Spanish border—and asked for rights of passage for German troops to attack Gibraltar. Instead of caving in to the Fuhrer, as would have been expected for a leader of a country with a military desperately weakened by the four-year civil war that had just ended in 1939, Franco presented Hitler with a long list of his own territorial demands. He filibustered so effectively that Hitler abandoned his effort. "Rather than go through that again," Hitler later told Mussolini, "I would prefer to have three or four teeth taken out."...

Christine Todd Whitman may not be quite the miracle worker her admirers claim. One of her budget balancing techniques was to withhold billions of dollars of state contributions that should have been paid into public employee pension funds. This means future taxpayers will be stuck with the bill for pensions that should have been funded with the money Whitman is using to make herself appear to be a fiscal wizard....

A dozen or so years ago, S.C. Gwynne wrote a funny but frightening article in *Harper's* about how major banks were entrusting major responsibilities to employees too

Common Ground

Where Can Liberals and Conservatives Agree?

PANELISTS INCLUDE

Myron Magnet
Michael Kinsley
Taylor Branch
Walter Olson
Heather MacDonald
Kay Hymowitz
Mickey Kaus
James Fallows
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William Raspberry
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young to know what they were doing. Now comes a former employee of First Boston, Po Bronson, to explain in *The New York Times* the reason for all those Nicholas Leesons: "He regularly took risks...because Barings' older management wanted him to and because they had lived through too many financial swings to take the risk themselves. Thirty-year-olds manage mutual funds for the same reason we send 20-year-olds to fight our wars—they don't realize they can get killed out there."...

Since we're constantly berating bureaucrats for their sins, we should recognize their accomplishments. One example is provided by the Treasury Department's Financial Management Service, which in the last two years decreased the time it takes to replace a lost Social Security check from 50 to only 10 days....

Last year the Salem, Oregon *Statesmen-Journal* ran an article, "Ten Ways to Cut State Government," that everyone interested in public affairs ought to read. Here are just a couple of the ideas:

1. Reduce the number of counties. Oregon, like most other states, has counties that were designed in the horse-and-buggy days when there was good reason for having every county seat within a day's travel by horse. With fewer counties, the authors observe, "we get fewer elected officials, courts, sheriffs...county clerks, and election offices..."

2. Eliminate personnel offices. In this respect, many state governments are just like the federal government, with a central personnel department—in the case of the feds, it's the Office of Personnel Management—plus separate personnel offices in each agency. In Oregon, the ratio of personnel employees to total state employees is one to 14. In private organizations, the ratio is more like one to 140. And the amazing thing is that often in government the fellows in personnel have absolutely nothing to do with hiring and promotion decisions....

Another group of good suggestions, this time for New York City but probably applicable to any large city where public employee unions have been powerful, comes from the Citizens Budget Commission of New York.

Among the commission's proposals are to eliminate the 96 hours of guaranteed overtime firemen somehow got into their contract and the 200 employees who work for unions but whose salaries are paid by the city. The commission would require employees to work 40 hours a week—most taxpayers don't realize that the average public employee works considerably less, usually around 35 hours.

Another idea is to change the pension system that allows employees generous tax-free disability pensions if—and now I'm quoting *The New York Times*' account of the commission's report—"they say they injured themselves on the job, even if the injury was slight and they continue to work." A New York City employee with a heart ailment can get a pension on the presumption that the condition is work-related....

Overtime is one of the great scandals of local government. The District of Columbia's budget for police overtime for the 1995 fiscal year is $7.5 million. One-third of the way into the year, 75 percent of the budget had been spent. Twenty supervisors—that's supervisors, not essential cops on the beat—got $800,000 in overtime last year. Two detectives received overtime of more than $80,000 each.

The reason for much of the detectives' and other police overtime is "we have to be in court." What happens is a farcical combination of judicial sloth and prosecutorial complicity. Judges are infamous for starting late and leaving early, with the result that witnesses can spend days waiting to testify. Prosecutors know that the police crave overtime, and they also want the police to be sympathetic to their cause and to tell the right story. The result is that they, too, tend to stretch the time that the officers are required in the witness room to its outer limits....

Did you know that your tax dollars are being used to help Campbell's Soup market V-8 juice in Argentina? Or that you're subsidizing the giant Mars Corporation as it sells Uncle Ben's Rice to Poles and Arabs? These are just two examples of corporate welfare that Robert Hershey, Jr. of *The New York Times* compiled from reports by the Cato Institute and the Progressive Policy Institute. Others are the low-interest loans with which the Rural Electrification Administration has helped ski resorts in Aspen and casinos in Las Vegas. The government also gives $333 million to help auto manufacturers build "clean" cars. One wonders why the manufacturers don't finance themselves. And, most shocking of all, we give $18 billion in tax breaks to drug manufacturers operating in Puerto Rico....

New York spends more than any other state on welfare. Yet although it has the highest cost per recipient, the actual benefits received by welfare families are less than those in six other states. The explanation: higher administrative costs, meaning more bureaucratic waste. So here again, we see the truth—so dramatically demonstrated by the

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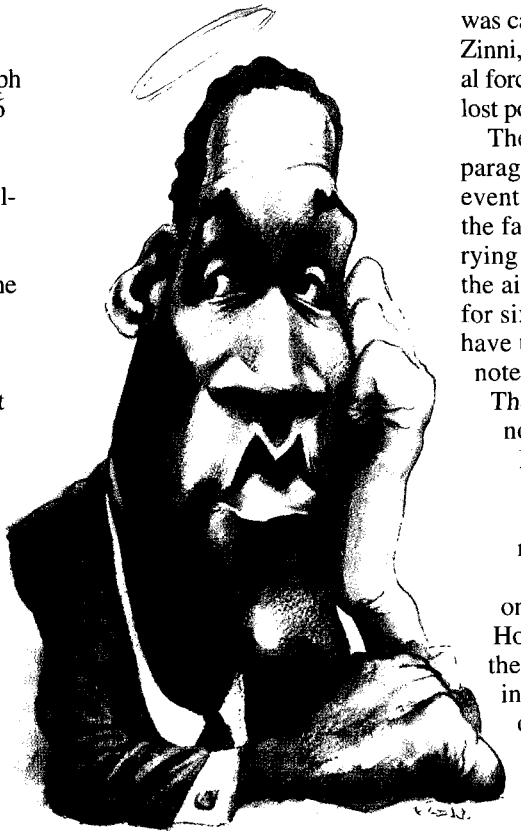
high per-pupil expenditure that produces such low test results in the District of Columbia—that spending more is not always the answer to social problems....

You may have seen the criticism to which the hedge-fund manager and financial columnist James J. Cramer was subjected for recommending stocks that were owned by his firm. The stocks went up after his column was published and he and the investors in his fund may profit as a result. But that, as Joseph Nocera pointed out in the March 6 issue of *Time*, is not necessarily a bad thing. What's good is that the columnist is more likely to be well-informed about stocks he has a stake in himself than those he doesn't. What would be bad is if he didn't disclose that interest to his readers or if he sold the stocks immediately after the run-up in price that followed his advice. But Cramer was guilty of neither of those sins.

Conflict of interest is an issue of greater complexity and subtlety than most journalists realize. They are far too quick to rush to judgment on the basis of the appearance of conflict. Nocera and I learned this together as we edited the piece Michael Kinsley wrote for this magazine on the subject back in 1979. I remember one night I was called to the phone at a dinner party. It was Nocera. He said, "I've just got to read you this line Mike just turned in: 'Is it a conflict of interest for a mother to have a second child?'"...

Bruce Lindsey may have made a serious mistake when he talked to Interior Department officials about re-hiring Suzanna Hubbell. My own guess is that this was done mostly for humanitarian reasons. Her husband isn't working, and the family probably needed income she could earn by going back to work at Interior. The problem is that Webster Hubbell is supposed to be cooperating with the special prosecutor as part of his plea bargain, and it's impossible for the Clinton administration to help his wife without being suspected of trying to minimize any possibility that his cooperation will be enthusiastic....



The editors of *The Washington Post* have a unique approach to their work. Recently, for example, they gave three paragraphs on the obituary page to a local story that was newsworthy enough for the national networks to feature it the night before—the tourist trolley that caught fire next to the White House. Similar trolleys carry thousands of tourists through Washington each week. One would think that both they and local residents would be more than casually interested in a story that indicated that the trolleys are capable of almost instantly becoming flaming torches, producing such intense heat that they melt lamp posts and burn the paint off adjoining buildings.

Then there was the story about an event that the *Post* itself called "a serious emergency" during the evacuation of Somalia, in which "an amphibious assault vehicle that was carrying Lt. Gen. Anthony C. Zinni, commander of the withdrawal force, and 18 other Marines had lost power and started to sink."

The *Post* devoted the first four paragraphs of its story about this event not to the sinking, but to the fact that it delayed a boat carrying 20 reporters from reaching the aircraft carrier Belleau Wood for six hours. The trip should have taken, the report indignantly notes, "perhaps 15 minutes."

The important story, then, was not the risk of life to the Marines, which was not mentioned until the fifth paragraph, but the inconvenience to the journalists.

Finally, there is the article on the troubles of the White House travel office to which the *Post* devoted an entire page in late February. Nowhere does the article mention the major travel office scandal—providing bargain trips to reporters' families or the favorable customs treatment with which the travel office bribed journalists for years without a hint of it appearing anywhere in major papers like the *Post*....

But the *Post* doesn't always get it wrong. Far from it. Consider the Fannie Mae piece that we're giving our Monthly Journalism Award to (see page 38). And of course, there's the *Post*'s civil service columnist Mike Causey, who

Roman Genn

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has done such a great job of reporting what's really happening in the Clinton downsizing. His latest revelation, for which he cites the bi-weekly *Federal Career Opportunities* as his source, is that Labor Department employment is going up 2.3 percent and EPA 7.4 percent instead of the declines that these agencies project....

Another *Post* triumph was David Ignatius's evaluation of the CIA in an early March "Outlook" section. The good development at the *Post* is that, under Len Downie and Don Graham, they have been running more of these kinds of pieces in recent years. If they reach once-a-week frequency with this sort of informed evaluation, I promise I'll stop booing their eccentricities, or at least declare a substantial moratorium.

Anyway, let's get back to the CIA article. What it does is really delve into the agency's culture to explain such bureaucratic imperatives as the numbers game in agent recruiting. One CIA operative tells of a station chief who demanded that she have "at least two contacts a week with prospective agents and five developmental meetings with prospects already on the line."

To cope with this kind of pressure during the Cold War, subordinates of such station chiefs "recruited Africans, Arabs, and Asians by the hundreds as 'access agents' who might be useful in getting to the Soviets. They recruited safe house keepers and information peddlers. On rare occasions, they 'recruited' people who, they knew well, had no intention of really spying for the United States. Sometimes, to be sure, they recruited real agents who performed brilliantly. But since everyone needed to record recruitments, the garbage intelligence sometimes overwhelmed the good intelligence."...

A few weeks ago, I found in my mail a request from the Marine Corps for a reference for a young friend who wanted to join up and go to Officer's Candidate School.

Why would I mention such a matter in this column? Because the young man is a senior at Harvard, where a good bet is that he's alone in his interest in the military and a member of a minority of less than one percent planning any kind of service.

The American elite had a proud record of service from 1940 to 1965. Practically everyone did his part. Those who didn't were not respected or feared they weren't. But since Vietnam gave them an excuse not to serve, the record of the American elite has been shameful. My young friend, whose name is John Brown, is an exception, and I'm proud of him....

—*Charles Peters*

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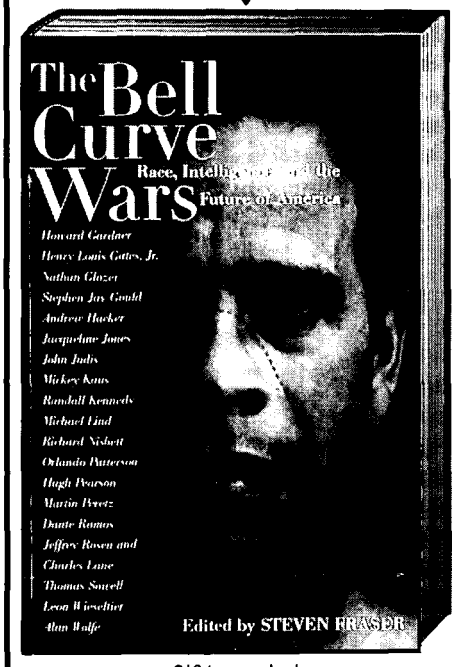

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Devolution Chic

Why sending power to the states could make a monkey out of Uncle Sam

BY GARETH G. COOK

Newt Gingrich knows that every good revolution demands a new vocabulary. Sometimes he prefers to toss off futurisms like "the Third Wave" or "empowered citizens of the information age." Other times he favors the archaic—phrases with an old world flair like "American civilization," "the Republic," or, his favorite, the "Contract With America."

But save high honors for a word that will send a giddy shiver up any Newtnik's spine: "devolution." To the uninitiated, this word may conjure images of man returning to an ape-like state. But it's not the state of nature that the Speaker wants to alter radically, it's the state of the Union.

The problem with Uncle Sam, Gingrich says, is that he has gained too much weight; he has become clumsy and out-of-touch. The federal government, Gingrich argues, can't solve society's mounting problems. The solution: Devolve authority and tax dollars back to the 50 states—the "laboratories of democracy," as Louis Brandeis famously called them—and even further down, to counties and cities.

Gingrich is not the only one talking about a devolution. This new localism, more than any other ideological tenet or policy prescription, is the core of the modern Republican agenda. Devolution is the theme that runs through nearly all of the Republican's high-profile domestic initiatives, including crime policy, poverty programs, and deregulation. Whether it's cops on the street, environmental protection, or school lunches for poor kids, the Republican solution is to devolve it.

Now legislatures from 20 states are considering measures to demand devolution at a "conference of states" this summer in Chicago, the first formal meeting of the states since the Constitutional Congress in 1787. And even President Clinton is paying lip service to the new devolution chic.

There's no denying the allure of localism. Democracy's laboratories can offer efficient, even brilliant, solutions to problems that confound Washington: Oregon, Hawaii, and Rochester, New York have all led the way in health reform. So, at a time when America yearns for a return to community, why not let local governments take charge? Aren't local governments leaner, better-

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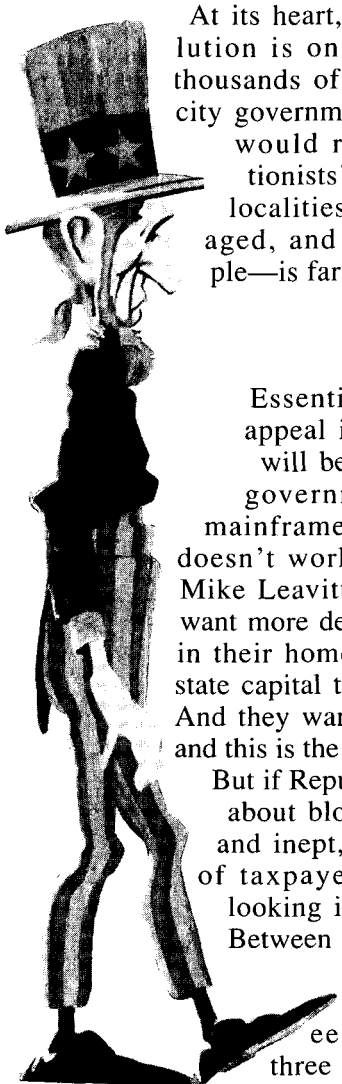
managed and, most important, closer to the people? For 30 years, "a mighty river [of money and responsibility] has flowed in the direction of Washington, D.C.," says Lamar Alexander, the Republican who has made devolution the core of his presidential bid. "This river ... should instead flow toward our families, schools, communities, and states."

But devolution is not the quick fix it might seem. Set aside, for the moment, the disturbing images that "states' rights" conjure, images of Alabama police beating on civil rights marchers. Set aside, too, the beguiling talk of "community" and the heady philosophizing that inevitably turns to *The Federalist Papers*. At its heart, the devolution solution is only as good as the thousands of state, county, and city governments upon which it would rely. And devolutionists' idyllic view of the localities—lean, well-managed, and close to the people—is far from the reality.



Getting Down

Essential to devolution's appeal is the belief that it will be an antidote to big government. "Top-down mainframe-type government doesn't work," says Governor Mike Leavitt of Utah. "People want more decisions being made in their hometown and in their state capital than in Washington. And they want less government, and this is the way to get it."

But if Republicans are worried about bloated bureaucracies and inept, arrogant stewards of taxpayer money, they're looking in the wrong place. Between 1970 and 1992, the number of federal civilian employees only grew from three million to 3.1 million—actually declining as a percentage of the U.S. population. The ranks of state government employees, meanwhile, grew 20 times faster—from 2.8 million to 4.6 million, an increase of 64 percent. And the number of local government employees recently hit 11.1 million, a 19 percent jump in just 10 years.

Those who live in one of the 50 state capitals have seen the office buildings sprouting up to house all the new staff. Combined expenses just for state legislative branches (for salaries, facilities, etc.) increased between 1972 and 1990 by *117 percent*. That's adjusted for inflation, and it's a little higher than the 19 percent for the supposedly wildly out-of-control U.S. Congress.

Of course it's not just the numbers that matter, it's the mindset. In Republican parlance "federal bureaucrat" is an oft-used epithet, denoting dim-witted and little-motivated. The federal civil service has been rightly criticized for not punishing indolence, it is true, but the state worker unions have garnered the same coddling treatment.

A few years ago in New Jersey, for example, only 74 of its 74,000 civil service workers—one tenth of one percent—received a job performance evaluation that was significantly below par. Either managers were afraid to criticize their workers-for-life, or Trenton was able to assemble one of the most diligent groups of workers since the construction of the Egyptian pyramids. "You have to screw up badly to get kicked out," admits Brenda Trolin of the National Council of State Legislatures.

Take the Peoria, Illinois cop who was discovered screaming "nigger" at a police dog. Asked why, he replied that he did it to "fire [the dog] up." The solution? Peoria officials suspended the dog, and the officer remained on active duty.

In fairness, though, it should be noted that the would-be foot soldiers of the devolution are sometimes asked to leave. Bobby Bouffine of St. Bernard Parish, Louisiana., was fired after it was discovered that, during working hours, he had made a little visit to an X-rated video store. He went inside and, with the city's 8-ton, 25-foot long pothole-filling machine parked conspicuously in the parking lot, he browsed for several hours.

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Devolutionists might say this example shows how local officials can keep a close eye on their employees. Authority should be devolved, they say, because local officials are endowed with a management genius not seen at higher levels of government.

Devolutionists must not be paying much attention to local police departments. Policing is, of course, one of the most important functions of local government. Certainly, it is one of the functions which the average citizen cares about most. Yet, with a few exceptions, experts agree that police departments suffer from management that ranges somewhere between poor and terrible.

One Louisiana Sheriff used his federal grant to purchase an armored tank. He said he needed it for crowd control.

In the District of Columbia, where crime runs rampant, WJLA television news recently ran a series showing how some of D.C.'s finest were spending the crucial night shift: on duty, in a parking lot, with the car lights off, fast asleep. One of the few signs of urgent activity came when one of the officers hopped out of the car to go to the bathroom. Still, there is a much more disturbing sign of poor management: Since 1989, more than 200 D.C. police officers have been arrested on charges that range from petty shoplifting to brutal crimes like rape and even murder.

In New Orleans, too, it would appear that local officials do not have a very good grip on their officers. The FBI says that it caught officer Len Davis ordering the execution of a woman who had just filed a police brutality complaint against him:

"The bitch brown-skinned, with light brown eyes," Davis can be heard saying to an alleged drug dealer. "I got the phone and the radio. After it's done, go straight uptown and call me."

Twelve minutes later, the woman died, the victim of a drive-by shooting.

(Even at its worst, the management of the FBI and Secret Service are several cuts above the average local police department.)

Law enforcement, of course, is not the only area where this devolutionist myth—that local officials, as a rule, are better managers—falls down. In New Orleans, Johnnie Smith, his wife, and their four children burned to death in a housing project. Only two weeks earlier, the Housing Authority of New Orleans had failed to collect a $106,000 federal grant to put smoke detectors in the Smiths' high-rise. The grant had been offered a year before, and a batch of smoke detectors sat, still in their packages, in a downtown warehouse. But it was too difficult, the housing authority explained, to find someone to screw the detectors in.

Local child protective services have not won many gold stars for good management, either. Philadelphia's Lillie Mae Ferebee spent 10 years being transferred from foster home to foster home until a case worker was able to reunite her with her father. But the father, a diagnosed schizophrenic, had just finished serving a ten-year prison sentence for raping a child. Months later, the child's grandmother brought the caseworker the news that Lillie Mae's father had been raping and beating her.

Asked why she had assigned the little girl to a child rapist in the first place, the case worker had a straightforward response. "To be perfectly honest," the *Philadelphia Inquirer* quoted her telling a court, "he said he wasn't guilty." The caseworker was not so much as disciplined.

The point isn't that local government workers are melonheads. There are plenty of examples—like the oft-cited stories in *Reinventing Government*—of officials who innovate and deliver. The problem with devolution idealism, though, is that there are at least as many examples where this is not the case.

The same could be said of the ways that local officials spend their money. The only rule, as anybody who has looked closely at local government can tell you, is that there is no rule. Some school districts, for example, are the envy of neighbors; while others are in complete disrepair, and money alone does not explain the differences. The District of Columbia spends

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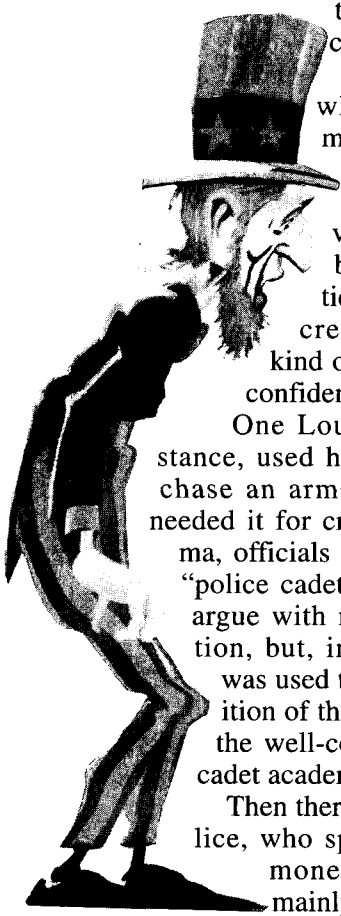
more per-pupil then just about any school system in the country, yet, despite the heroic efforts of some teachers, the quality of the education delivered is consistently rated among the worst, even compared to the other large urban districts. Montgomery County schools, just miles away, spend less per pupil, yet the students learn more.

Contrary to the devolutionist's dreamy ideals, it is just not the case that local officials are consistently wiser dispensers of the taxpayer's purse. But that's not stopping the devolvers from trying to hand over the purse. Republicans, for example, want to replace much of the crime bill with block grants, giving local law enforcement officials the freedom to decide how best to spend the money. "[The Democrats] put all sorts of strings saying exactly how the money could be used," says Rep. Jerry Lewis of California. "I always tend to lean toward delivering money to states and local jurisdictions for their efforts against crime."



A noble thought. But while the Law Enforcement Assistance Administration (LEAA), an older program that provided crime-fighting block grants to localities, was a model of local creativity, it was not the kind of creativity that inspires confidence.

One Louisiana sheriff, for instance, used his LEAA grant to purchase an armored tank. He said he needed it for crowd control. In Alabama, officials received $117,247 for a "police cadet" academy. It's hard to argue with money spent on education, but, in this case, the money was used to pay for the college tuition of the children and friends of the well-connected. There was no cadet academy.

Then there's the Indiana State Police, who spent $84,000 in LEAA money on a plane that was mainly used to fly the Governor and his family around the country. One of the trips, program investigators later noted, was made to Washington to pick up some rock retrieved from the Moon by an Apollo mission. Local priorities at work again.

Even when their priorities aren't skewed, local officials have yet to prove that they are any better at financial management than their federal counterparts. Consider police and firemen pensions. Large amounts of money have been stolen—from right under the noses of local pension administrators—by police and firemen who claim disability payments even though nothing is wrong.

To cite just one of many emerging scandals, New York's *Newsday* found that of 292 cops who retired at the rank of captain or higher, an unbelievable *60 percent* received some kind of disability benefit. And, even though the rate of retirements had started to fall, pension disability payments increased by $25 million between 1991 and 1993. The reason is that those who claim to have been hurt on the job are entitled to 75 percent of their ending salary, tax-free. Fine for those public servants disabled in the line of duty, but not for those who *Newsday* found taking in disability payments while working an active job and playing sports.

In California, home to Silicon Valley, unsophisticated state officials have wasted hundreds of millions of dollars on complex computer systems for agencies that do not know how to use them. The most extreme example is a project for the California Department of Motor Vehicles. When competent computer experts were finally called in, they concluded that it would take another $153 million—almost four times the original cost—to make the botched system work. Perhaps if California had had a federal block grant, it could have sent even more money down the sinkhole.

That's exactly what's happening with the Boston Central Artery/Third Harbor Tunnel project. In the mid-eighties, the project to modernize Boston's famously outdated road system was pitched to Congress with a price tag of about $2.3 billion. Congress approved the project, but gave the state of Massachusetts near-complete authority to oversee it—a devolutionist's dream come true. Now, according to a February report from the Washington, D.C. Project on Government Oversight, the price tag has

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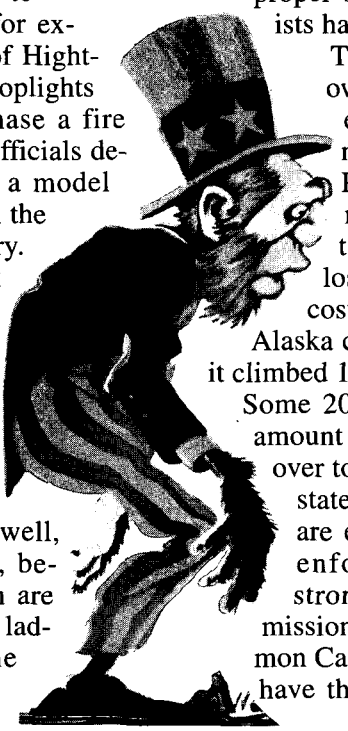
reached $9.6 billion—the most expensive highway project in U.S. history—and it could hit $12 billion, not far from the cost of the 32-mile tunnel under the English Channel. Oh, and instead of being done in 1998, it now looks as though 2004 is a safer bet.

Being close to projects can also make local officials blind from a form of insanity commonly known as boosterism. The most obvious example is the recently completed Denver International Airport. In 1987, Mile High politicians convinced the voters to approve a 120-gate, $1.7 billion airport a full 40 minutes outside of town, despite warnings that Denver would never need such a large facility. This ambitious, high-tech project was plagued by delays, such as the one caused by a baggage system that sent luggage just about everywhere but its destination. By the time the airport opened in February, a good year-and-a-half behind schedule, it had been scaled back to 88 gates and the cost was heading toward $5 billion—some $3 billion over budget. With the airlines pulling out because of the rising costs, Standard & Poor's downgraded the airport's bond rating to a junk bond, leaving Denver residents holding the bag.

But you don't have to be a big city to go overboard. In the late eighties, for example, officials of the megalopolis of Hightstown, New Jersey, home to three stoplights and 4,200 people, set out to purchase a fire truck. After much deliberation, fire officials decided that their little town needed a model with a ladder that extends 135 feet in the air, one of the highest in the country. The price tag for the special truck was so high—half a million dollars—that town leaders floated a special bond to buy it.

But it turns out that the town's name is not particularly apt: The tallest building in Hightstown, which averaged about 12 fires a year, is 35 feet. And that's just as well, added a former volunteer fireman, because most of Hightstown's firemen are too scared to climb up the 135 foot ladder. Half-a-million dollars for the prettiest float of the parade.



50 Degrees of Separation

The real goal of devolution, says Indiana Governor Evan Bayh, "is to try and restrain the imperial Washington that has grown up over the last 50 to 60 years.... The federal government has become out of touch."

No democrat can disagree that, for our system of government to work properly, the people's representatives must represent the people's views. And state governments, the conventional thinking goes, are much more sensitive to the public's priorities than the federal government.

This logic has a strong ring of truth to it. Nevada residents like legalized gambling, so the state gives it to them. Florida residents favor chemical castrations for convicted rapists, so the legislature is considering it. You may or may not like these policies, but the states seem to respond to the peoples' wishes.

The problem is that most state legislatures—where devolutionists want many of the most important decisions to be made—are far more vulnerable than the federal government to well-monied special interests. As state government has exploded, the states have not put the proper safeguards in place, and lobbyists have flooded the capitols.

The dynamic is by now well-own: Campaigns have become so expensive that candidates cannot win without a treasure chest; PACs are happy to provide the money, for a price. Before long, the people's best interests get lost. Between 1982 and 1988, the cost of running for state senator in Alaska climbed 140 percent. In Oregon, it climbed 157 percent.

Some 20 states impose *no limit* on the amount of money that a PAC can sign over to candidates. And in some of the states that do have limits, the limits are either incredibly high or poorly enforced. "There are very few strong, independent election commissions at the state level," notes Common Cause's Ed Davis. "Very few states have the kinds of standards we see at

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the federal level."

And the corruption can be far from subtle. Take Kentucky. The FBI recently caught one of the state's most powerful lobbyists, John W. "Jay" Spurrier III, handing out bribes. Confronted with the evidence, he agreed to cooperate in a broader investigation of corruption in the legislature.

The results were impressive. Among those caught was Speaker of the House Don Blandford, who made for a memorable video clip: "Bless your heart," Blandford declared, stuffing their bribe into his pocket after agreeing to kill a bill opposed by the harness-racing business.

No state in the country is immune, not even California where trends so often hit first. An FBI Special Agent assigned there posed as a shrimp importer in search of special treatment and soon found out how Sacramento really works. He offered bribes to legislators, who were more than happy to oblige. So responsive were the legislators, in fact, that the special tax exemption for the agent's phony business actually passed the legislature and the FBI had to tell the Governor of the investigation so he could veto the bill. As a result of the operation, a dozen public officials have been convicted.

Unfortunately, Kentucky and California are not isolated instances. In just the last few years, there have been major scandals in Arizona, South Carolina, New Jersey, and Alabama—not to mention such bastions of corruption as Louisiana, Massachusetts, Texas, Illinois, Rhode Island, and West Virginia. Compared to 1972, 1991 saw more than 10 times as many state and local officials convicted on federal corruption charges.

Another problem that regular readers of the *Monthly*'s "Tilting at Windmills" will be familiar with is the concentration of power in the hands of just a few leaders, usually on legislative rules committees that decide which bills will be considered, and when. These committee members have taken to scheduling scores of votes on the final day of a session to avoid careful, deliberative debate. The result is a flood of bills passed in the session's final hours by members who are too afraid to break rank. On the last day of a recent session of the Virginia Assembly, legislators passed 65 bills, more than one-third of its total for the year. And, on one day in 1991, Rhode Island legislators passed 122 bills, some of them more than 30 pages long. Those outside the leadership may not like the system that much, but lobbyists love it: They only have to buy off the few at the top.

Closeness to the people is more than a matter of simple geography. In many ways, the state capitols are more protected from the voters than their national counterpart. State legislators are not generally subjected to the same level of press scrutiny as U.S. congressmen. And the average citizen often has a much better idea of what's happening in the nation's capital than in their state capital, not to mention their county government. Can *you* name your state senator?

50 Monkeys

Most people cannot. But, for reasons that are difficult to understand among a crowd that loves the word "efficiency," the devolutionists seem convinced that it's almost always better to let 50 state governments deal with national problems. This despite obvious failures.

Crime, for example, is consistently among the top concerns for Americans all around the country. Yet it is the state governments, not the federal government, that have dropped the ball on prisons. While most federal prisoners can expect to serve 85 percent of their sentence, it is not unusual for state prisoners to serve just 30 percent. State politicians are happy to talk tough, and praise laws like "Three Strikes, You're Out," but they have not provided enough funding for courts and prisons to ensure the rhetoric is actually carried out. Prisons overflow with non-violent drug offenders, and violent criminals get out early.

In monetary terms, the most expensive state failure in recent years was, of course, the multi-billion dollar S&L crisis, sparked when the Reagan administration allowed states to deregulate while making the federal government financially responsible for any mishaps—an invitation to freeloading. When federal regulators finally stepped in to stop the disaster, two-thirds of the lost funds could be traced to state-chartered S&Ls.

The national insurance industry, however, continues to be regulated by a patchwork of

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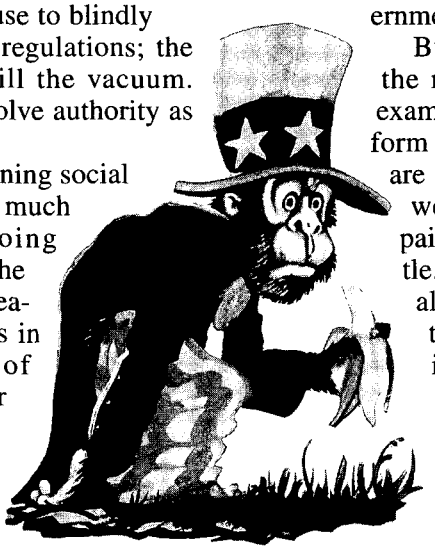
state regulations, despite a string of scandals. According to *Newsweek*, the latest series of problems involve "churning." Agents sell new policies, earning commissions, without explaining that (despite what seems a better deal) the new policies are set to expire sooner, leaving the holder without protection. Said an insurance executive to a federal investigator in 1979, "Would you rather be regulated by 50 monkeys or King Kong?" The insurance companies prefer the 50 monkeys for a reason, and it's not the public interest.

In fact, if the devolutionists get their way, there will be many, many more than 50 monkeys. Already government is "fragmenting," says local government expert Dennis Judd of the University of Missouri, "and often there is nobody minding the store." Police departments have overlapping jurisdictions, and communication between them often fails. Local fire districts don't always cover everyone. "The county fire department might be responsible for your home," says Judd, "but do they know?" "Look at your property tax bill," he continues. "There will be a long list of charges from all kinds of special districts—water, sewer, fire, etc.—and you have no idea who these guys are."

For some of devolution's most ardent supporters, though, chaos is kind of the idea: Their enemy is not inefficiency, but the government itself. The last time devolution was in vogue, Ronald Reagan was president, promising "a new federalism." This precedent is telling.

Reagan said the states should have more control, but that was just an excuse to blindly eliminate health and safety regulations; the states could not possibly fill the vacuum. Reagan did not so much devolve authority as eliminate it.

Reagan also argued for turning social programs into block grants, much as the Republicans are doing now, saying it would allow the states to be more creative. Reagan created nine block grants in his first year. But five of them—including those for low-income heating assistance, job training, and other social services—were hardly funded at all. The states have to be especially creative when they are assigned a program without any money.



And the more power is devolved, it turned out, the more wealthy suburbanites can freeload off the cities. There are many residents of Connecticut's tony suburbs, for example, who make their livings off New York City while escaping its taxes. "It amounts to a transfer of money to wealthier taxpayers," says the University of Missouri's Judd. In the District of Columbia, where legions of well-paid workers drive in and out every day, city officials have occasionally threatened to install tollbooths on all the access roads.

Before Reagan, federal aid as a percentage of state and local spending was 26 percent. By 1989, the federal contribution had fallen to 17 percent. That's how Reagan's "new federalism" earned the nickname "shift and shaft."

The new breed appears to be preparing to do both all over again. When GOP governors protested that the central reform of the Republicans' welfare proposal—requiring work—would be too burdensome, the House leadership simply dropped it. A minor sacrifice, they explained, toward the larger goal of replacing the current program with block grants that let states spend the money as they like. The block grants, the Republicans have already admitted, will have to do more with less money.

There is, of course, plenty of reinventing to be done in the way the federal government approaches problems, and there are states eager to try new solutions to problems the federal government has not been able to crack.

But let's not get swept away by the rhetoric. Only a few states, for example, have taken bold steps to reform heath care. And only a handful are intent on trying the kind of real welfare reform that Clinton campaigned on. Most are doing very little. The idea of 50 states out there, all ready to try dramatic new solutions but for stodgy Uncle Sam, is ridiculous.

And if state experimentation is the real goal—as Republicans said it was with welfare—then why aren't the states being encouraged to experiment? Why

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not fund real welfare experiments in the states, and see what works best?

Instead, the devolution debate has become strangely twisted. Everyone agrees that when citizens get involved in their local government, in their schools, in their in neighborhoods, the results can inspire awe. But the high talk of devolution has the equation exactly backwards, amounting to the mother of all unfunded mandates: It would be great if local governments were efficient institutions made vital by active citizen involvement, the thinking goes, so let's get the federal government to declare it so.

The truly dedicated devolutionist should focus on making sure local governments *deserve* more authority. If the Council of the States, planned for this summer, comes off as planned, then the delegates might take some time away from workshops on the true meaning of the Tenth Amendment, and promise to fix their own houses first.

First, as power and money and well-paid lobbyists pour into the state capitols, the states should at least impose reasonable limits on PAC contributions. They should promise to fund effective, independent election agencies, empowered to seek out and stop corruption.

Better yet, states could truly control the alligator-shoe set by passing public financing laws, much like those for presidential elections. Not an easy promise to make for those addicted to PAC money, but it would demonstrate some real seriousness.

They should also resolve to hold state workers to the same standards as the private sector; workers should be well-paid for innovation and fired for incompetence or laziness. With five million state workers (read: "five million votes") out there, that will not be an easy promise either, but it's essential if state government is to become truly effective.

For all the Newtnik fireworks and catchphrases, then, the real devolution revolution cannot begin in Washington. Only if the states can clean up their acts and stop the lobbyists from making the calls will the system function as the founding fathers intended. Only then will politicians be accountable, and only then will the people's voices truly be heard and acted on.

There's got to be a word for that. □

Who's Who

What's the hottest weekly meeting at the White House? The one everyone wants to attend lest they appear to be out of the loop? It's **Leon Panetta**'s Thursday night political gabfest in which a flock of Democratic political consultants flood into Panetta's West Wing office. Among the regulars: Deputy Chief of Staff **Harold Ickes** as well as aides **Mark Gearan**, **Doug Sosnick**, and **Donald Baer**. Outsiders include pollsters **Geoffrey Garin** and **Mark Mellman**, media consultant **Frank Greer**, and the dynamic duo themselves, **James Carville** and **Paul Begala**....

One continues to hear rumors that **Ickes** is maneuvering to replace **Panetta**. If not Ickes, someone who certainly does not wish the chief of staff well is busy leaking stories blaming him for various sins of omission and commission. One was Panetta's failure to keep **Robert Reich** and **Bruce Lindsey** from persuading the President to make his ultimately unsuccessful intervention in the baseball strike. Panetta is also being blamed for rushing **Dr. Henry Foster**'s nomination for Surgeon General before the doctor's background was adequately explored. Panetta was in a hurry, it is said, because he was anxious to avoid more criticism that the White House was being too slow to fill vacancies in top positions....

Another prestigious White House meeting is the monthly gathering of party elders who come to counsel Bill Clinton. Among the graybeards are former Democratic National Committee Chair **Bob Strauss** and former Speaker of the House **Tom Foley**....

Lobbyists who want to catch **Newt Gingrich** in a benign mood should station operatives at the following Capitol Hill venues: the **Irish Times** (not a paper but a bar) and similar establishments such as **Heads**, **Bullfeathers**, and **Tunnicliff's Tavern**. If you want to catch him at dinner, our source Roxanne Roberts says, try the **Cafe Italia** across the river in Crystal City....

When the Senate votes on the GOP proposal to put school lunches and other nutrition programs under state control, Majority Leader **Robert Dole** will be saddled with this embarrassing quote from his past, for which I'm indebted to *The Washington Post*'s **Al Kamen**: "The nutrition area is one that does not easily lend itself to state responsibility.... It is appropriate that the federal government retain primary responsibility for nutrition programs in order to guarantee some standardization of benefits."...

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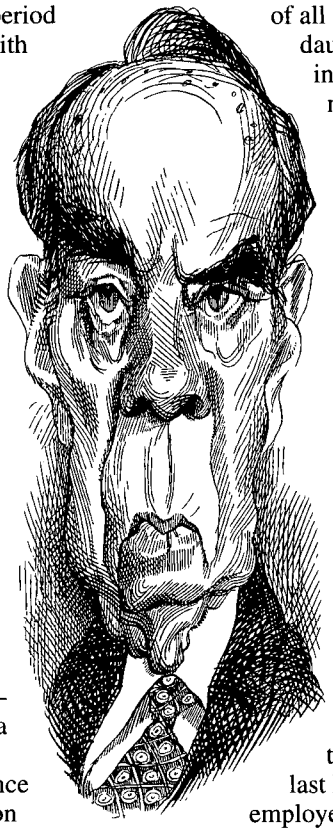
Leaking on Panetta… Imbibing with Newt… Smoking in a Mine…

There's been a lot of laughter around town at White [ouse press secretary **Mike McCurry's** effort to get his ress aides to be nice to reporters. But there have also een a few tears from those who bemoan the hostility ›ward the White House press exhibited by this ad- ıinistration even in its earliest days, a period 'hen reporters anxious to curry favor with ew sources tend to be very receptive to ·iendly overtures. Insiders blame both ıe hostility and the lost opportunity ot on McCurry's predecessor, **Dee ›ee Myers**, but on **George tephanopoulos** and **Bill** and **Hillary :linton**, whose press gripes date back › the New Hampshire primary....



If you're hoping to sneak your face r company logo into a camera shot of **ill Clinton**, the man to be nice to is **osh King**. He's the White House pho- ›meister responsible for making the 'resident look good on camera, a job 'hich of course includes selecting ackgrounds. Among King's latest Hol- ywood effects: the great faux parch- ıent Bill of Rights that Clinton was auling around the country....

Remember that when he was appoint- d we told you **J. Davitt McAteer** was a andy choice to lead the **Mine Safety nd Health Administration**. He has since von the praise of both industry and union eaders by promoting such common sense re- orms as replacing a 300-page safety manual with short, asy-to-understand pamphlets and by enforcing regula- ıons against smoking by miners. The latter is not part of ome anti-tobacco crusade: When you strike a match in coal mine, very bad things can happen....

One of the most maddening aspects of the Clinton ıdministration scandals is that the Cabinet members ac- used of wrong-doing, **Henry Cisneros**, **Ron Brown**, nd the now-departed **Mike Espy,** are widely consid- red to have done good jobs running their depart- ıents....

Brown's relationship with **Nolanda Hill** does have ome intriguing aspects. There's the $400,000 she paid or Brown's stake in a small company which seems to ave made no profit and in which he had invested no money. Then there's the $63,825 Hill's Corridor Broadcasting Company gave the Democratic National Committee while Brown was co-chairman and while Corridor was assuring the F.D.I.C. that it had no money with which to make interest payments. Perhaps most curious of all was the $2000 a month Corridor paid Brown's daughter, Tracey. Her services: the use of a mailing address, an answering machine, and a fax machine in New York City....

Republicans, at least since the days of **Ronald Reagan**, have a weakness for citing "can-you-believe-this!" examples of outrageous social programs. The catch is that the examples do not often survive even the most casual scrutiny. At the end of February, for instance, **Newt Gingrich** told of a "federal shelter" in Denver that cost $8.8 million while producing much less impressive results than a privately funded homeless shelter right up the street. This revelation drew the usual "wows" and "Oh-my-Gods" from the audience. But according to *The Washington Post*'s **Serge F. Kovaleski**, there is no federally-run homeless shelter in Denver....

I know I'm tardy with this item, but I love it so much I can't resist. It's from a story by **B. Drummond Ayres** that ran in *The New York Times* when **Michael Huffington**, trying to unseat Senator **Dianne Feinstein** in last Fall's campaign, admitted that his family had employed an undocumented alien as a nanny for five years. Read Ayres's account carefully:

"'We have made a mistake, no question about it.' Mr. Huffington conceded....' But who among us hasn't? Including my opponent. We are all human.' Senator Feinstein flatly denied Mr. Huffington's accusation."...

Speaking of **Dianne Feinstein**, a Who's Who friend recently called Feinstein's office to inquire about her stance on the Balanced Budget Amendment. The reply: "She is for the amendment, but if the majority votes no, so will the senator."...

William Aramony has two novel defenses against the charges that he cheated United Way: (1) that his brain was shrinking and (2) that the Board of Directors should not have permitted him to do wrong....

—*Susan Threadgill*

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Entitlement Junkies

Think the welfare state is dead? Wrong. It's stronger than ever, thanks to middle-class entitlements

BY PHILLIP LONGMAN

Inside a vault more than 300 feet long, scores of U.S. Treasury workers, screened by both the Secret Service and the FBI, scurry about as the clock counts down. At the loading dock outside, armed guards stand ready as a 44-foot, 18-wheel tractor-trailer slowly backs into place to receive its half-billion-dollar load. A specially trained 12-man crew quickly loads, seals, and locks the trailer. Strictly following a secret route and schedule, the rig pulls away, tailed by unmarked cars to guard against the threat of an inside job.

This is the scene late each month at the U.S. government's production plant on Townsend Road in Philadelphia. But neither bullion nor plutonium are produced here—benefit checks are. The Townsend Road facility prints and distributes Social Security checks for all who received their numbers in the northeastern United States. The roughly 600,000 checks on board each of the rigs are due in beneficiaries' mailboxes within 48 hours. Neither flat tires nor leaking brakes nor collapsing bridges along Interstate 95 will keep these semis from swiftly completing their monthly rounds. Social Security recipients expect their checks and expect them on time; it's a matter of entitlement.

Senior citizens are not alone in awaiting regular government subsidy. So, in one form or another, do farmers, veterans, homeowners, civil servants—nearly every American, in fact, is entitled today to a plethora of social benefits from government as a matter of "earned right." Indeed, our sense of entitlement has become so strong that in the last 15 years the noun "entitlement" has evolved to describe the social benefits Americans feel their government owes them. This is a quantum leap from the Great Depression, or even the sixties, when social workers had to persuade the down-and-out to accept a helping hand from government.

Republicans correctly target a culture of dependency in American society. But they deceptively imply that this culture is confined to a small segment of poor welfare recipients. In fact, dependency on government handouts touches all sectors of

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society, particularly the middle class. Unless Americans—led by their elected representatives—begin to wean themselves from this middle-class welfare state, Newt Gingrich's vision of individual responsibility will remain a pipedream. Even worse, the United States will face an economic crisis of such staggering proportions that it will absorb much of the earnings of future generations.

Gravy Train

Roughly speaking, entitlements are benefits that the government automatically distributes, without budgetary limits, to citizens eligible on the basis of their membership in some legally defined group or class. Some beneficiaries, like recipients of Social Security, disability insurance, and unemployment insurance, only collect if they have previously paid certain taxes; others, mainly veterans, qualify through service. Some, such as farmers, benefit by virtue of perceived contributions to the national interest. And a distinct minority of Americans qualify for certain means-tested entitlements simply because they are needy. Altogether, some 400 programs qualify as entitlements.

Today, slightly more than 50 percent of all U.S. households have at least one member who is receiving a direct entitlement benefit from the federal government, such as a veteran's pension or disability payment. Such families collect on average more than $10,300 a year in benefits, which adds up to a total of $750 billion, or more than half of the total federal budget.

At any given time, 30 percent of the U.S. population is also receiving indirect benefits through loopholes in the tax code. A prime example is the home mortgage deduction. Rather than subsidizing homeownership by mailing a check to everyone who borrows to buy a home, the government allows home buyers to write off mortgage interest costs on their income tax returns. The result is an entitlement that pays 27 million homeowners an average of $1,900 a year, dwarfing all other federal housing programs.

Altogether, the mortgage interest deduction and other tax subsidies to individuals cost more than $354 billion in 1993. (By comparison, tax subsidies to corporations, including all depreciation allowances, came to "only" $47 billion, according to the General Accounting Office.) The total bill for entitlements thus comes to well over $1.1 trillion each year. If all of this were going to welfare mothers, the inner cities would be full of Leona Helmsleys. In fact, poverty programs consume only one of six federal social welfare dollars; in 1990, only 25 percent of federal entitlements went to families earning $20,000 or less.

The big rigs pulling out of federal check-producing factories, like Townsend Road's, head largely for suburban, middle-class destinations where the real handout junkies live. You, dear reader, are very likely one yourself. According to recent estimates by the Congressional Budget Office (CBO), in 1990 nearly 30 percent of all veterans' benefits went to families with incomes above $50,000; so did nearly one-fourth of all unemployment benefits, about one-third of all federal civilian pensions, and more than half of all military pensions. More than 40 percent of the USDA's farm payments, meanwhile, were handed to farmers with net worths greater than $750,000.

Entitlements conveyed through the tax code are even more heavily skewed in favor of the middle class and the well-to-do. Consider, for example, the child-care credit, which cost the government more than $3 billion in 1991. Households with incomes below $10,000 received virtually no benefit from this tax subsidy. Those with incomes above $50,000, however, received $1.2 billion to help pay for nannies and other child-care expenses.

This same irony—the more you earn, the better you make out—applies to those using government help to purchase a home. According to Congress' Joint Committee on Taxation, the average value of the mortgage interest deduction for taxpayers with incomes over $100,000 was $3,469 in 1991. The same deduction was worth an average of only $516 for taxpayers in the $20,000 to $30,000 bracket who qualified to take the benefit—and of course many of those taxpayers, including renters and those who

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couldn't afford tax lawyers, did not.

Once middle-class Americans reach age 62 (now the most common age to begin collecting Social Security), they really start to cash in. As Eugene Steuerle and Jon Bakija have calculated in their recent book, *Retooling Social Security for the 21st Century*, a typical, middle-class couple retiring at age 65 in 1995 can expect under current law to receive Social Security and Medicare benefits with an annuity value approaching $500,000.

Many retirees argue that they are simply collecting what is rightfully theirs. Actually, the amount of their previous contributions is insignificant compared to the benefits that they collect. A typical retired couple today has paid, in today's dollars, little more than $57,000 in Medicare taxes over their lifetimes, and just over $100,000 in Social Security taxes.

The magnitude of federal spending flowing to middle- and upper-class retirees is so huge that it has transformed vast regions of the country (and fueled the cruise industry, too). During the seventies and eighties, as federal entitlement spending exploded, the Sunbelt boomed. Each month, the government infuses Florida with roughly $3.5 billion in entitlements, without which few retirees could afford to retire as early, or spend as much, as they do. A typical 80-year-old now consumes 16 percent more than a typical 30-year-old, according to one recent study. In the early sixties, by contrast, the average 80-year-old spent just 65 cents for every dollar a 30-year-old used.

But Congress isn't holding hearings on why the middle class can't shake its need for handouts. Like other sources of dependency, entitlements breed their own sustaining myths and deep-seated denials. The businessman calls four martinis at lunch "social drinking," but thinks every pot-smoking student is a craven druggie. The prosperous retiree calls Social Security benefits far in excess of what he paid in taxes "social insurance," but thinks food stamps for poor children is just a corrupting dole. Entitlements, like drugs or alcohol, breed a willingness to act as if the future simply does not exist. Unfortunately, the middle-class entitlement binge is about as sustainable as a crack habit.

Read the Warning Labels

The government hasn't taken to airing public service announcements about the impending collapse of Social Security, Medicare, and other entitlements, but it has issued plenty of official warnings about its inability to keep the checks flowing indefinitely. These warnings are worth reviewing.

The Yuppies' Dirty Little Secret

You know the type. You're both roughly the same age, you work in equivalent jobs, but somehow he can afford the Acura, the ski trips to Telluride, the summer place on Nantucket; and he appears calm even when discussing college tuition. Call it "The Yuppies' dirty little secret." Baby boomers, economists predict, will receive bequests that will total as much as $10.4 trillion. Many boomers, of course, will receive nothing, and most only a small amount. But for a privileged minority, the windfalls will be massive.

Much of this inheritance money comes from you, me, and everyone else who pays federal payroll and income taxes. The generous entitlements received by middle- and upper-income retirees over the last generation have enabled them to accumulate and pass on much larger estates than they otherwise would have. This phenomenal windfall suggests another avenue toward entitlement reform: a tax levied specifically to collect that proportion of an inheritance accumulated thanks to government generosity.

Younger generations don't just profit from the leftovers of their parents' hundreds of thousands of dollars in Medicare and Social Security benefits; they also cash in on means-tested benefits like Medicaid's nursing home program. Usually at the urging of younger family members, some elderly persons requiring nursing home care sign over their houses and bank accounts in order to qualify for Medicaid's strict means test. Technically, prospective Medicaid beneficiaries who give away assets to their children are ineligible for Medicaid-financed nursing home care for up to 30 months. But with the help of a lawyer, it's easy to fool the system. The Congressional Budget Office estimated in 1993 that if the government recovered the cost of Medicaid-provided nursing home care from family members who had recently received assets or inheritances from Medicaid patients, taxpayers would have saved $100 million

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➤**Medicare:** The latest actuarial projections show Medicare's main Hospital Insurance (HI) program going broke in 2001, and Medicare's Supplementary Medical Insurance program (SMI), which pays for doctors visits, also heading toward insolvency. [See "The Insatiable Entitlement," page 23]

➤**Disability Insurance:** Thanks largely to a definition of disability loose enough to include stress disorders and alcoholism, the Social Security Administration's Disability Insurance Program is also careening toward insolvency. The latest trustee report projects that the Disability Insurance trust fund will be exhausted by the end of 1995 and urges Congress to divert resources to bail out the program.

➤**Civil Service Retirement System:** The total present value of benefits promised under the system now exceeds $1.1 trillion. No real reserves exist to defray this cost. Today, this encumbrance is roughly equal to $4,600 for every man, woman, and child in the United States.

➤**Military Retirement System:** The retirement age for military pensions is so young, and the benefits so rich, that the average officer leaving the service this year at age 42, with 20 years of experience, can expect to receive over $1.1 million in pension checks before reaching age 65, and another $1 million by age 75. As a result, the present value of benefits already promised by the system comes to more than $738.8 billion, or nearly $3,000 for every American man, woman, and child.

➤**Veterans' Benefits:** Due to the rapid aging of the veterans' population, and to the ever-looser connection between veterans' benefits and actual war experience, the cost of veterans' benefits continues to hit new records. The Department of Veterans Affairs estimates that the present value of its liability for entitlements promised to ex-servicemen and women totals more than $190 billion.

➤**Private Pension Subsidies:** The federal government's Pension Benefit Guarantee Corporation (PBGC), which insures traditional, defined-benefit private pension plans, estimates that it is now "reasonably possible" it will get stuck with $12 billion in liabilities for bankrupt plans in the near term. Studies that look further into the future have estimated that the present value of the foreseeable PBGC deficit exceeds $35 billion, and many critics see a crisis on the horizon that will rival the cost of the savings and loan bailout.

➤**Social Security Pension Fund:** The system's actuaries show the fund running huge deficits after 2013, as baby boomers reach re-

How Taxpayers Are Paying for Baby Boomers' Inheritances

in 1994, $1.8 billion over the 1994-1998 period, and even larger amounts in the following years.

The government could recover those benefits, and more, by applying a "pay-after-you-go" principle to the Medicaid nursing home program and all other federal entitlements. In effect, this would mean that if you wound up collecting, say, $300,000 in Social Security and other entitlements over your lifetime, then the federal government would require that your heirs pay at least as much in a special inheritance surtax when the time came.

Besides fostering greater class equity, this approach would enable current recipients to avoid sacrificing promised subsidies already included in their retirement plans. The proposal might also help reduce overconsumption of health care among the elderly. I'm less likely to stand by while my father receives unnecessary surgery if I know that my inheritance will be reduced dollar for dollar by any hospital bill Medicare pays.

The pay-after-you-go proposal does have its problems, beginning with administration. Where there are lawyers to be had, there are loopholes to be found. At a time when America desperately needs to increase its savings rate, the plan would also take away one of the major incentives people have for accumulating assets. The ability to hold out the promise of a substantial bequest to busy or selfish middle-aged children is one way elderly parents' reduce their chances of being abandoned as they decline.

For these reasons, the global means test described in the accompanying article is a sounder, and more important, idea. A means test would be easier to administer, and, applied to income, not assets, would create less of a disincentive to save. But it is worth having pay-after-you-go on the back burner. Looming over the heads of those who would have to pay, it just might prompt more dramatic reform.

—Phillip Longman

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tirement age. Even with optimistic assumptions about future rates of economic growth, the actuaries see no hope of solvency beyond 42 years without huge tax increases.

To sustain just the pension and disability programs would require revenues equivalent to one out of five dollars earned by workers in 2030. Add in the cost of Medicare, and the tax burden on the next generation rises to 32 percent of payroll in 2030, and to over 50 percent by 2070.

The future of entitlement programs as a whole is actually bleaker than the projections for individual programs suggest. Within nine years, according to a recent projection by the CBO, entitlements will consume two-thirds of all federal spending. According to President Clinton's Bipartisan Commission on Entitlement and Tax Reform, outlays for entitlements (not including tax expenditures) and interest on the national debt will consume *all* tax revenues collected by the federal government within 16 years.

Imagine such a world. You would pay even higher taxes than you do today, but the federal government would still have no money to police our borders or collect customs, no funds for FBI agents, for courts, for medical research or even for an army the size of Luxembourg's. The federal government's sole role would be to collect taxes, distribute entitlements to certain favored groups, and pay interest on the exploding national debt.

It gets worse. The Commission projects that spending for Medicare, Medicaid, Social Security, and federal employee retirement programs alone will consume all federal tax revenues by 2030. This would leave the federal government with no role except subsidizing old people, providing health care for the poor, and paying interest to bond-holders.

These projections are echoed by the annual warnings published by the White House since 1991 in its analyses of the federal budget. The most recent analysis concluded that if current trends in entitlement spending and federal borrowing continue, today's toddlers will pay fully half of what they earn during their entire lives in taxes, and children not yet born may pay as much as 82 percent, not counting their contributions toward their own entitlements.

In sum, it is the official position of the U.S. government that current policy, extended indefinitely, will result in the near-total confiscation of the income of today's younger Americans and future generations. As Alice Rivlin, director of the Office of Management and Budget, noted in her notorious "Big Choices" memo to President Clinton last October, if the government tried to push costs still further into the future, it would run annual deficits exceeding $1.4 trillion by 2020, and $4.1 trillion (or 10.4 percent of the GDP) by 2030.

For saying so, Rivlin was lambasted by Republicans and reprimanded by Democrats, a response typical of the political terror aroused by the subject of entitlements. The Entitlements Commission found efforts to reach consensus on reform solutions so contentious that it disbanded without offering suggestions. The Commission did call for middle-class sacrifice; President Clinton responded with a middle-class tax cut. Bob Kerrey, the Commission's chair, and others have vowed to fight for entitlement reform, but they lack the political capital to do so. In Congress, the notion that Social Security could be on the table for cuts was enough to block the Balanced Budget Amendment. Republicans have alluded to trimming Medicare without saying how they will do so, and they have made only vague references to reducing farm subsidies. Home mortgage deductions, veterans' payments, and federal pensions have merited barely a whisper.

There is, however, a silver lining to the looming entitlement crisis. The problem is so large that even politicians cannot ignore it indefinitely. Entitlements must be cut. The only questions left are when and how.

A Global Solution

Overhauling the welfare state so it is sustainable and once again serves public purposes will entail enormous changes, including rethinking which entitlements ought to be preserved and which eliminated. And since health care entitlements account for nearly one-third of direct entitlement spending, wholesale restructuring of the U.S. health-care system remains essential.

In the meantime, however, we can make our welfare state much more equitable, and free up the resources we need to cut our fiscal deficits, by acting on a simple if far-reaching principle: One's benefits should be proportional to one's need for subsidy, whether the subsidy comes in the form of health insurance or a crop support

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The Insatiable Entitlement

The average American retiring in 1967 received $38,000 in Medicare provider payments, despite not having paid a penny in taxes to the program. From the beginning, Medicare has been characterized by this inequity: What we take out has dwarfed what we put in. And three decades after its creation, the program is in jeopardy. All entitlements require serious attention, but fixing Medicare—particularly Supplemental Medical Insurance (SMI)—is absolutely urgent.

Between 1980 and 1994, Medicare spending quadrupled; it now swallows 2.5 percent of the nation's GDP. By 1999, the program will be short $80 billion. By 2020, as Baby Boomers begin to feel arthritic pangs, the Social Security System Trustees estimate that Medicare will swallow 6.5 percent of the GDP. But unless drastic steps are taken, the program will most likely be insolvent long before then.

In large part, the Medicare crisis is attributable to the explosive growth in both medical costs and life expectancy over the past 30 years. Who in 1965 anticipated magnetic resonance imaging or angioplasty, CAT scans or organ replacements? The influx of federal funding through Medicare acted as a disincentive to cost control, accelerating the use of already expanding medical services and procedures. Take intensive care units, of which the United States has more per capita than any nation in the world. Thanks largely to government indulgence, such units are used mostly to prolong life for elderly patients with poor prognoses. More than half of Hospital Insurance benefits—Medicare A—are spent in the last three months of patients' lives.

The real crisis in Medicare, though, is in SMI, or Medicare B, which covers physician, surgeon, outpatient, and other non-hospital costs. The program's costs are expected to almost double in the next six years. Retirees offset less than 25 percent of SMI costs, and employers don't contribute to the program at all.

The rising cost of medical services, unlimited malpractice awards, and the conversion of many inpatient hospital services into outpatient ones have exacerbated the problem.

Reining in Medicare B requires immediate cost containment, beginning with a substantial increase in beneficiary co-payments. Those who have more should pay more: Co-payments ought to be increased on a sliding scale according to income. And employers must begin contributing to SMI.

For Medicare as a whole, we can take other measures, including increasing payroll taxes, eliminating employer tax deductions for Medicare A contributions, encouraging HMOs, and malpractice reform. But even a triumph of cost containment would still leave us with a huge encumbrance on the next generation. To imply, as most politicians have, that short-term solutions are enough is an exercise in the politics of distraction.

The real issue we must decide as a society is not just who pays what for health care, but rather, *what health care is.* The question is not nearly as simple as it might seem. Health care is an ever-expanding concept.

Two decades ago, for example, an elderly person who became forgetful was thought to be aging, not ill. Today, such a person is likely to be diagnosed with a terminal illness called Alzheimer's disease, and the search for a cure inspires frenzied, government-subsidized competition among researchers and drug companies. Female infertility, 20 years ago, was a condition of women who could not become pregnant after a year of unprotected intercourse. Today, female infertility describes women who cannot become pregnant after repeated *in-vitro* fertilization and gamete intrafallopian transfer operations costing $8,000 a try.

By keeping sick people alive, good medicine increases the number of sick people requiring care in the population. And as good medicine produces more old people, old people insist on still more health care to keep them feeling young. Americans, having learned what modern medicine can do, are increasingly unwilling to live with the effects of aging.

To control Medicare and the government's other health care programs we need to ask hard questions. Should Medicare pay for liver transplants for 65-year-old alcoholics? Should it pay for the most effective means of removing kidney stones or for any means used by a hospital? Should it subsidize treatments that tend to prolong the process of dying, or put more resources into preventive medicine? The implications may be unpleasant. The decisions are necessary.

Oregon has made an impressive start in this direction in its Medicaid program. It prioritized 700 health procedures, emphasizing preventive care, and by doing so, curbed costs enough to get more than 100,000 additional Oregonians on Medicaid rolls. Only when the whole country applies a similar rationing principle to all health care subsidies, and demands efficiency in their provision, will we truly begin to contain costs and ensure Medicare's viability.

—*Phillip Longman*

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payment, a mortgage-interest deduction or a Social Security check.

Here, in brief, is how this could work: Families with incomes below $40,000 would be exempt from any reduction in benefits. But more affluent families would see the value of their total entitlements reduced according to a graduated scale: Those with total incomes between $40,000 and $50,000 would lose 10 percent of any entitlements that caused their income to exceed $40,000. For each additional $10,000 of total income, the effective tax rate on benefits would increase by 10 percentage points, up to a cap of 85 percent of benefits for those making $120,000 or more.

Under this formula, for example, a family who received $15,000 in Social Security benefits and $30,000 in non-entitlement income would lose $500 of its benefits. Meanwhile, a family that received $15,000 in Social Security and $120,000 or more in non-entitlement income, would lose $12,750 of its Social Security benefits.

How much money might this plan save? In an April 1992 article for *The Atlantic Monthly*, entitled "The Next New Deal," Neil Howe and I sketched out a proposal for a "global means test" that, had it been enacted at the time, would have saved $149 billion over five years. The CBO recently analyzed and scored the idea, applying the formula to the following programs: Social Security, Railroad Retirement, unemployment compensation, veterans' compensation and pensions, AFDC, SSI, Food Stamps, Medicare, and Medicaid. For the last two of these programs, the CBO calculated their insurance value minus any premiums paid by individuals. Had such a plan been put into effect on January 1, 1995, it would have saved $9 billion this year and $190 billion by the turn of the century.

Even greater savings could be realized by applying the global means test to entitlements conveyed through the tax code. For example, just limiting the total amount of mortgage interest that a high-income family can deduct to the average write-off taken by families in the $30,000 to $50,000 bracket would save more than $30 billion a year.

Any means test can be difficult to administer. A virtual industry has sprung up to advise Americans on how to disguise assets in order to qualify Grandma or Grandpa for Medicare-financed nursing home care. But a global means test can be achieved exclusively through tax returns, much as we now handle the limited taxation of Social Security. Each filer would be required to list all benefits received, which could be checked against federal records. Above certain limits, the total would trigger a "benefit-withholding" liability, which the filer would send back to the IRS along with any outstanding income-tax liability. As a practical matter, federal benefits could be withheld just as wages are withheld, based on a tax-filer's previous financial experience.

Means-testing is not politically easy, but it is politically feasible. No benefit group is singled out for sacrifice; rather, a global means test treats all Americans according to their individual circumstances. This is untrue of most other reform proposals, such as cutting cost-of-living adjustments across the board. For a widow receiving no income other than one large Social Security check, a COLA may be essential to keep food on the table. For a triple-dipping federal pensioner receiving the minimum Social Security benefit, that same COLA may be just enough to cover the annual rise in greens fees at the club.

Conservatives claim that means-testing Social Security and Medicare would amount to "punishing success." Are the giant windfalls that retirees collect legitimate fruits of their success? Hardly. The real issue is how much government should subsidize the successful and how much younger and poorer people must sacrifice to meet the cost.

A global means test is a significant start to entitlements reform, but it is no panacea. Applied only to Social Security and other direct entitlements, it will not, by itself, be sufficient to close the nation's long-term structural budget deficit, which the CBO projects will start going back up in 1996. In an aging society, moreover, there are ever-tighter limits on how much new debt can be shoved off to the next generation without creating impossible hardships. Long gone are the days when, thanks to tens of millions of Baby Boomers joining the work force each year, entitlements could be expanded without increasing taxes. Worse, those Baby Boomers will soon be retiring instead, and any benefits they receive will come at the direct expense of the comparatively small and downwardly mobile generations that follow. In the post-war period, membership in the middle-class was, for many Americans, an entitlement. In the next century, it will be an accomplishment. □

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Memo of the Month

BlueCross BlueShield of Oregon*

100 SW Market Street
PO Box 1271
Portland, Oregon 97201-1271

503/225-6221
1-800-452-7278

HMO Oregon*

Dear Member:

As you are aware, your coverage includes an accidental death benefit. (Please refer to the Summary of Benefits under Special Situation section of your contract for details.)

We hope you will never have to use this benefit. However, if you do, a claim form may be obtained by calling our Member Services Department at 225-6420 from the Portland area, or toll free at 1-800-452-7397.

Sincerely,

Joyvonne Shaw

Joyvonne Shaw
Supervisor,
Individual Enrollment Policy Issuance

FORM 3755 (9/94)

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Busted Coverage

Why the U.S. press keeps missing the story on Latin America's economies

BY KEN SILVERSTEIN

The *New York Times* headline ran "Mexico: No More 'Miracle'." The story: an abrupt collapse of the Mexican economy. The factors: "growing inflationary pressure, a heavy external debt, and a massive trade deficit." The date: January 28, 1972.

For years, right up to the collapse, the *Times* and other American papers had celebrated Mexico's imminent emergence as an economic power. Then the bottom dropped out, and the papers delivered a round of preachy post-mortems on what went wrong.

Sound familiar? It should. This cycle repeated itself just recently. *The Washington Post*, for example, highlighted the benefits of free trade in its profile of a "Mexican boom town" last December. By March it was reciting the Department of Treasury's line that "Mexican Missteps Caused Peso Woes."

Indeed, premature sightings of Latin American booms are a time-honored tradition, dating back at least four decades. The signs are always the same: moderate GNP growth, overtures to foreign capital, reduced trade barriers, and soaring stock markets. In short, U.S. firms and local companies are making a killing. Unfortunately, with the benefits of economic growth flowing to the (often corrupt) elites, "progress" is inherently unstable, and growth inevitably short-lived.

In 1955, for example, *The New York Times* found Argentina—"her stocks soar"—on the upswing, with government officials "looking forward to another excellent harvest." Peru was "exploiting great resources." Even the tiny Dominican Republic was "embarking on a huge construction program," helping to explain why the nation's citizens looked ahead "confidently and expectantly."

Two years later, the paper was even more ebullient. Latin America was "forging ahead" with trade "at a peak." Mexico was "prospering despite drought"; Venezuela was exploiting a "growing bonanza"; and Argentina was on "the road to recovery." Within a few years most of the region had tottered into economic and political crisis. A 1964 military coup in Brazil foreshadowed one of the bleakest periods in Latin American history. By 1976, generals had seized power in seven more of

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the region's countries: Argentina, Peru, Panama, Ecuador, Honduras, Chile, and Uruguay.

Mexico may provide the most obvious example of lapses in foreign economic coverage. If the press' past predictions had been accurate, Mexico City would today rival New York, Tokyo, and London as a throne of international financial power. In 1964, the *Times* reported that "[A Mexican] confronted with the phrase 'underdeveloped nation' is apt to assume the expression of a man trying desperately to recall something vaguely familiar, but far, far away." It would have been hard to imagine that just eight years later a headline on Mexico in the same paper would read, "No More 'Miracle.'"

Brazil is another case of journalistic missteps. Between 1968 and 1974, newspapers hailed the robust growth rates—topping 11 percent—as indicative of economic strength. In 1971, *Business Week* praised the dictatorship, enthusiastically telling readers that profit opportunities in Brazil were among the best in the world. A *Times* dispatch the following year ("The Bloom is on the Boom") said that economists considered the country to be a "second Japan" and announced that for Brazil, "the future is at hand."

But this was also the period when Brazil came to be known as "Belindia"—part Belgium, part India—because so much of the newly created wealth went to the top five percent of the population. In 1972, even dictator General Emilío Garrastazú Médici had to admit, "The economy is going well, the people not so well."

The press' focus then was on Brazil's Belgium. But Brazil's India made itself known just a few years later, when its economy entered a severe recession. A *Times* story in 1976 reported that the country was "trimming its economic sails." Economic planners ordered zero economic growth to fight rising inflation.

Also in the seventies, *Time* magazine dispatched stories from Venezuela calling the country an "emerging power" and marveling at its "burgeoning economy." Ten years later, its economy in a free fall, Venezuelan per capita GNP had been cut in half. The World Bank reduced Venezuela's status from a "middle income" to a "low income" nation.

The press' naive optimism, though, endured. Even in the late seventies, with the burden of foreign debt having reached staggering levels across the region, the press still found economies strong and futures hopeful. While high debt and inflation had emerged as problems, *The Washington Post* reported in early 1978, Latin nations had been demonstrating "a remarkable economic resiliency.... A healthy growth rate is expected for the region as a whole." The *Times*, too, acknowledged debt and inflation in February 1980; but businessmen, it reported, were confident that the "credit-card style of growth" could continue.

Two years later Mexico went bankrupt, triggering a 10-year-long, region-wide collapse. Growth resumed in the nineties—no surprise, since the sunken economies had nowhere to go but up—and the press, predictably, called Latin America the world's next Pacific Rim. Heralds of the new boom were remarkably familiar. In 1991, the *Times* reported that "free market reforms" had injected a "breath of fresh air" into Latin America. That same year the *Post* said that Latin reformers were abandoning "long-held economic dogma in favor of a new consensus that emphasizes the need to become competitive internationally." The newspaper also applauded the tough measures taken to spur growth, even if such measures meant "short-term pain for millions of people." *Business Week* was the most effusive, saying in June 1992 that a "market revolution is taking hold across Latin America," with the "shock troops of change [being] a new generation of leaders, many of them U.S.-educated."

Journalists invariably hailed developments in three countries in particular: Venezuela, Mexico, and Argentina. A Reuters story said that those nations were the region's major "success stories.... They have tamed inflation, reduced debt loads, and primed their economies for growth."

Recent news has been less encouraging.

Mexico, lauded for years as a "model" for the Third World, is confronting political and economic chaos after the peso's collapse. Inflation for next year is expected to quadruple from its current level of 10 percent, while the country's foreign debt now stands at $166 billion, far higher than in

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1982 when Mexico's bankruptcy set off the Latin debt crisis. Venezuela—a "star" not five years ago when annual growth rates hit 10 percent—has hit the skids; free-market champion Carlos Andres Perez was driven from the presidency on corruption charges. Despite appearances of economic well-being, Argentina suffers from the same problems which sank Mexico—overvalued currency and a huge trade deficit.

Why the Surprises?

This need not have been so surprising. The Latin "miracle" has always been somewhat fictive. The question is, why do journalists keep making the same mistakes over and over? Journalists tend to take their cues from local government officials, the World Bank, the International Monetary Fund (IMF), and the White House (via embassy officials and State Department diplomats). They repeat the elites' conventional wisdom, relying heavily on economic indicators like the stock market, but skim over economic reality, particularly the lives of the poor. In part, it's a matter of laziness—calling the IMF is easier than grassroots reporting. Partly, it's a matter of cautiousness—criticism of government policies might jeopardize a reporter's coveted "access" and make it more difficult to cover local politics.

But there's also a fundamental problem with the economic theory upon which this sort of reporting is based. There's very little correlation between a healthy stock market and a healthy overall economy. Venezuela's stocks soared by more than 600 percent in 1990, the year after brutal austerity measures provoked violence in which hundreds, and perhaps thousands, of protesters were killed by security forces.

Indeed, the poor sometimes suffer in direct proportion to "booms." In Mexico, the real minimum wage today is worth less than half of its 1980 value, and more than one-quarter of the country's children suffer from serious malnutrition. In Argentina, President Carlos Menem drastically slashed retirement benefits to help curb government spending, a policy which prompted scores of pensioners to commit suicide. The "miracle" in Venezuela came at the same time that budget cuts eroded public services and while the numbers of people living in poverty climbed from 15 percent to 41 percent of the population.

A *New York Times* report in February 1994, "Despite Violence, Colombia Surges," is a classic. The reporter, James Brooke, misrepresents narrow economic gain as national well-being, describing "solid growth, surging imports and swelling foreign investment." The country was even "trimming its foreign debt" as it was "flush with $8 billion in reserves."

But not all was well, as Brooke concedes in his closing paragraphs. "Although Colombia's macroeconomic indicators look good, not all boats are rising. The number of people living below the poverty line has increased by about one million since 1990, to include about half of Colombia's population of 33 million people."

Impoverishing local populations is the inevitable consequence of austerity programs favored by Latin governments and applauded by journalists. Social services are slashed and wages for workers held down to attain treasured "investor confidence"—a polite way of saying conditions favorable to corporate profiteering.

With their reporting, American newspapers have often made themselves major instruments of American propaganda. During the Cold War, U.S. presidents applauded conservative Latin regimes, even brutal dictatorships, as a bulwark against communism. The U.S. wanted positive news on its allies' economies, and it got it. In recent years, Latin America has emerged as the fastest growing market for U.S. exports, and Presidents Bush and Clinton have proposed the creation of a hemisphere-wide free trade zone. They issued rosy forecasts for Latin economies (particularly Mexico's) and reporters echoed their enthusiasm.

But what's good for elites and investors isn't necessarily good for these countries as a whole. The newspapers do catch on, eventually, after economic catastrophes. But they never seem to learn from their mistakes.

It's ironic that reporters attribute "booms" to "free-market reforms" supposedly being implemented by Latin leaders at the behest of the United States. A *Newsweek* story out of Mexico a few years back praised then-President Carlos Salinas for seeking to dismantle his country's "centrally planned economy," as if Mexico had long been under the Marxist jackboot.

The reality is not that Latin leaders have realized the error of their ways; U.S. governments and multilateral lenders, rather, have changed their minds.

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The "old dogma," as The *Post* called it, consisted mostly of high barriers to imports (known in the fifties and sixties as import substitution) and was praised by the World Bank. Even activist governments and nationalization of industry—which today are blamed for virtually all of Latin America's ills—were originally supported by U.S. administrations and implemented by anti-communist, pro-American dictators. "Giant multinationals are not necessarily unhappy to accept the government as a partner," the *Times* reported in 1977. "It can help with the taxes and labor trouble."

Today, reporters blame the Mexican government for the economic collapse, saying officials stubbornly resisted the lessons offered by their first-world instructors. In a January 2 article, "The World Shifted, but Not Mexico," the *Times*' Keith Bradsher wrote that Mexico "failed to respond quickly when the economic world around it began to change," and adapted an economic "strategy [which] flew in the face of advice from officials of the International Monetary Fund."

Yet no nation has more rigorously followed the IMF line in the last five years than Mexico. During the "boom" years, both the Fund and its sister institution, the World Bank, consistently claimed credit for Mexico's "economic miracle." The relationship between Mexico and the World Bank, according to *The Financial Times* in March 1992, was one of "growing intimacy": "[Mexico is] the darling of the bank's economists (and of its major shareholder, the U.S.). The bank does not need to force Mexico to do anything; the two sides agree on almost everything ... World Bank economists and Mexican officials often spend weekends together brainstorming on policy issues."

And in September 1992, a Reuters story, "Mexico Old IMF Hand 10 Years After Debt Crisis," said that Mexico was "almost universally viewed as a model for economic recovery in the developing world," and that the country was assuming a "professorial role" at the annual meeting of the IMF. Then-Finance Minister Pedro Aspe (now in disgrace) "was at ease offering advice to Latin American neighbors."

Janet Duncan, the Reuters reporter, conceded that some cynics questioned "how things really are in Mexico," pointing to the mammoth trade deficit. But, "to believers in the so-called Mexican Miracle," she wrote, "the obstacles ahead are par for the course." The deficit, of course, was the root of the current disaster, being the force behind the devaluation of the peso.

A true miracle in Latin America would be if governments rejected austerity programs that punish the poor and made the rich foot the bill for social reform. But since U.S. presidents (and Latin elites) generally prefer the failed strategy of "making the cake grow before dividing it," expect journalists to continue to cheer governments which impose "short-term pain" on populations which are forever waiting to see the long-term gain.

Given American journalists' bizarre sense of priorities, it's not surprising that the strongest economy in Latin America these days is in Brazil, a nation which for years was berated by journalists for its cautiousness toward U.S.-backed economic reforms. In 1990, Nathaniel Nash of *The New York Times* wrote that while residents of countries like Mexico and Venezuela were reaping the benefits of "free market reforms," Brazilians were sadly lagging behind, a fact Nash attributed to the natives' preference for the "relaxed life on the dole and at the beach."

An update: Since Brazil lowered trade barriers more slowly than its neighbors, it has not suffered the same huge trade deficits as a result of surging imports. The country also moved more slowly in its privatization effort, which in much of the region has amounted to a transfer of state assets into the hands of well-connected cronies at bargain basement prices. (Of course Brazil still faces serious difficulties, and its economic prospects are muddled, particularly with the collapse of the peso.)

The disparities and errors in economic coverage are not exclusive to foreign desks. If everything Americans knew of our own economy came from papers' financial pages, we'd be firmly convinced that massive layoffs are virtue incarnate while a falling unemployment rate is the devil to be feared. Journalists on Wall Street and Washington, as well as in Rio and Lima, are often servile to wealthy sources. But with such thin coverage of foreign countries, the schism between real-life and newspaper coverage is far more dramatic. To paint an honest picture of these economies requires a more vigorous and less sensational approach. The point isn't just that current coverage is spotty and impractical—leading to "surprises" that actually aren't surprising at all—but that it counters the most fundamental rule of journalism: to tell the truth. □

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Tidbits & Outrages

THE *REALLY* BAD NEWS: IT FINISHED LAST

A recent America's Cup trials race was disrupted when the nuclear-powered aircraft carrier *Abraham Lincoln* accidentally strayed onto the course.

UH, WOULD YOU BELIEVE MIKE ESPY'S TRAVEL AGENT NEEDED THE WORK?

The *Los Angeles Times* reports that in his first 20 months in office, Veterans Affairs Secretary Jesse Brown made 20 taxpayer-financed trips to his hometown of Chicago.

"BUT ADMIRAL, COULDN'T YOU JUST *BUY* YOUR WIFE ONE?"

Swedish military authorities recently admitted that the regular hunts for Soviet submarines they've conducted over the past 20 years, which often included depth charge attacks, were probably prompted by underwater sounds made by minks.

THERE'LL BE A SMALL DELAY WHILE THEY AIRBRUSH OUT THE NUMBERS ACROSS HIS CHEST

Plans are being made to return an official portrait of former Governor Spiro T. Agnew to the Maryland State House.

TEACHER KNOWS BEST

On the day that Texas Senator Phil Gramm announced his candidacy for president, he delivered a speech in front of the elementary school where he failed the third grade.

Clark: sharp dresser?

DESIGNER BRIEFS

In court papers filed in connection with her divorce, one of the reasons O.J. Simpson prosecutor Marcia Clark cited for needing more financial support from her estranged husband was the expense of having to dress for a national television audience.

—Scott Shuger

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Tommy Boggs and the Death of Health Care Reform

How Washington's best lobbyist put a stake through the heart of Clinton's prized legislation

BY DANIEL FRANKLIN

Bill Clinton should have known his health reform plan was in trouble the day he introduced it in September 1992 at the New Jersey headquarters of the Merck pharmaceutical company. As the candidate made his trademark post-speech plunge into the crowd, a mother handed her infant son to him. The baby vomited on Clinton's lapel. "That's what babies do," Clinton said.

Clinton's speech was one of the most important moments of his campaign. Health care reform had become a vital issue for voters, second only to the economy. Bush had already drafted a health reform plan, and although Clinton had alluded to his own package, he had never before laid out in detail what it might look like. Now, the line in the sand was drawn. After Clinton's speech, two things seemed clear regardless of who won the election: The nation's trillion-dollar health care industry was in for drastic changes, and the Capitol would see its most profound legislative battle since the tax reform fight of the mid-eighties.

It's hard to remember the hope and optimism with which the Clinton health care plan was greeted. Democrat and Republican alike agreed that the nation's health care system was in crisis and needed some kind of reform. Clinton's victory gave the sense that the moment for health reform had finally arrived. Only four days after his inauguration, Clinton appointed his wife and Ira Magaziner to lead the task force charged with designing the President's health care plan. The details would be left to the task force, but the broad principles had been known since Clinton's Merck speech: All Americans would be insured by large, regional purchasing cooperatives run by insurance companies. The costs would be picked up by the nation's employers. Also, the nation's malpractice system would be reformed to limit the possibility of frivolous lawsuits. In the end, the plan would achieve universal coverage and help stem the persistent growth of health care costs. In the first few months of the Clinton presidency, his health program enjoyed the support of over 60 percent of the country.

But then Washington's lobbyists began doing what *they* do, to much the same effect as that prophetic little boy in New Jersey. Along Washington's K Street, which is to lobbying what Times Square is to prostitution, the capital's biggest law firms geared up for

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the coming fight. Health-care experts were wooed and staffs were bolstered, all in hopes of landing the industry's major players who, seeing their very existence at stake, promised to devote as many resources as possible to ensure that the debate fell their way.

By any estimation, it was a seller's market. At the time, there were more than 800 different registered associations in the field of medicine, and nearly 300 representing businesses, each needing its own lobbyist to guide it through the jungle of Washington. Everyone had a stake in health care reform, and no one wanted to take chances.

Few firms were better positioned than Patton, Boggs & Blow, home to Thomas Hale "Tommy" Boggs, Jr. Over the years, no other Washington firm had linked itself so closely to the Democratic party. The biggest Democratic policy initiative since the days of Roosevelt was sure to be a windfall for the city's most prestigious Democratic firm. Shortly after the election, Boggs was pictured on the cover of the *National Journal* above the headline: "Ready to Cash in on Clinton."

It couldn't have been more correct. Patton Boggs did very well in the grab for clients. In addition to its longtime client the Association of Trial Lawyers of America, the firm landed some of the biggest players in the health reform debate, including the National Association of Life Underwriters (NALU) and the National Association of Health Underwriters (NAHU).

Patton Boggs found itself in the middle of two crucial aspects of the health reform debate. NALU and NAHU loathed the idea of mandatory alliances. "Underwriter" is actually a misnomer—the organizations represent agents and brokers who recruit clients and find an insurance company's policy that meets their clients' needs. Under Clinton's plan, consumers would negotiate directly with the purchasing alliances, removing the need for the go-between function the agents serve and, as a result, eliminating many of their jobs. For the Association of Trial Lawyers of America, the health care debate meant renewing its 20-year fight against any and all attempts to reform the malpractice system by putting limits on the amount a victim could collect from a lawsuit.

Malpractice reform had been a long time coming, but now the pressure for change seemed irresistible. A 1991 Harvard study estimated that malpractice insurance added about $9 billion to health care costs each year. Worse still, the study found, was the ever-present threat of lawsuits, which prompted doctors to protect themselves by prescribing unnecessary tests, or referring to a specialist patients whom they could just as well treat themselves. The cost of defensive medicine, though difficult to pinpoint, is estimated at approximately $25 billion per year. Reforms such as capping the size of awards for "pain and suffering" have proven effective. In California, which passed reforms 20 years ago, malpractice premiums are 33 percent less than those of other large states. With polls showing Americans squarely in favor of reform, it came as no surprise when Clinton said he would include malpractice in his health package.

But the Trial Lawyers had traveled this road before with unblemished success, in no small part thanks to Boggs. In his 20-year association with the Trial Lawyers, not one attempt at malpractice reform has succeeded. Boggs, says Fred Graefe, a lobbyist for malpractice reform, "has singlehandedly stopped malpractice reform for 20 years."

Son of former House Majority Leader Hale Boggs and Congresswoman Lindy Boggs—and brother to ABC political correspondent Cokie Roberts—the 54-year-old Boggs is widely considered to be the most effective lobbyist in Washington. His network of powerful friends and his stable of influential clients have elevated him in some eyes beyond the status of a mere lobbyist. William Fay, former director of the Product Liability Coordinating Committee, remembers seeing Boggs in the Senate cloakroom after a vote on a product liability bill. "Senators were nodding and waving to him, coming up and chatting with him," Fay told Vicki Kemper of *Common Cause* magazine. "Senators consider him a peer."

It's a natural enough impression. Boggs has been at the center of Washington's circles of power virtually since birth, and he has studied the game of politics at the feet of Washington's giants. "[T]hey grew up with politics in their blood," his mother wrote of the young Tommy and Cokie in her memoir. "That's what they knew, and it was served at the dinner table with the likes of Mr. Sam [Rayburn], Lyndon Johnson, and John Kennedy."

In his professional life as well, Boggs has had a knack for finding friends in the highest echelons of the Washington power circuit. Former House Judiciary Committee Chairman Jack

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Brooks and former Education and Labor Committee Chairman William D. Ford are both longtime friends who frequently visit Boggs' hunting cabin on the Eastern shore of Maryland. Back when Boggs was lobbying heavily on behalf of banking interests, he held a surprise birthday party for his friend and Senate Banking Committee Chairman William Proxmire.

Many consider Boggs' effectiveness to be a function solely of his contacts, but this view vastly underestimates what makes Boggs unique among lobbyists. Boggs is a listener; he uses meetings with congressmen and senators more as an opportunity to obtain information than to give it. "Members like to talk," says Tom Korologos, who for 17 years worked alongside Boggs representing the Association of Trial Lawyers of America. "Don't stop the presses on that, but they do have a tendency to talk and a good listener will always succeed in this town."

Tommy Boggs: the cat that ate the canary

Courtesy *National Journal*

Boggs' listening is strategic. Regardless of the cause he is pushing, Boggs always knows the reasons behind his opponent's position. From there, he can calculate the point beyond which he can't push. But above all else, Boggs tries to determine what *can* be done. When he was a boy, he remembers, Sam Rayburn told him that "Politics is the art of the possible." He considers it the best political advice he ever received.

Boggs says he knew from the beginning that the current debate would be more difficult to win than his past victories, but that it would not be impossible. The sweeping nature of the Clinton bill, in which malpractice reform was but one small part, posed a problem for Boggs and the Trial Lawyers. Malpractice was always so simple: doctors versus lawyers. The omnibus bill brought more contestants into the ring. Who knew what coalitions could form to gang up on the Trial Lawyers? "Malpractice reform as part of a major health bill is different," says Boggs. "Few people aren't going to vote for a health care bill because of malpractice reform."

In the first months of the debate, Boggs' strategy was to try to get the White House to remove malpractice reform from the omnibus bill. Boggs met with Ira Magaziner several times and argued that the malpractice issue would hurt the bill's overall chances. Malpractice isn't a health issue, Boggs said, and it doesn't belong on a health care bill. This is a fight the administration doesn't need, he argued. It would be better to get the Trial Lawyers—who have advocated universal coverage for years—and their formidable legislative muscle on board, or at least out of the opposition to the administration's plan. Then, if you must, take care of malpractice reform when the big battle has been won.

It was sound advice, but Magaziner didn't budge. The substance of the proposals could be negotiated, Magaziner said, but Clinton needed the malpractice provisions in the bill to placate terrified doctors and insurance companies. Still, the White House avoided a full frontal assault on the Trial Lawyers. Acceding to the lawyers' requests, the administration did not limit "pain and suffering" damages, but it would keep a 33 1/3 percent cap on lawyers' fees, and would allow states to adopt even lower limits. Still more alarming to the lawyers, Clinton's bill required an affidavit from a medical specialist stating that the accused doctor had departed from standard practices before a suit could proceed.

On September 22, 1993, Clinton outlined his health reform plan before a joint session of

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Congress. "Tonight," he said, "we come together to write a new chapter in the American story. This health care system is badly broken and we need to fix it." It seemed to some as though the bill would race through. Public support for the bill had bounced above 70 percent in some polls. Even Senate Minority Leader Bob Dole offered an outstretched hand of bipartisanship.

But Boggs was confident. Yes, malpractice was still in the omnibus bill, but now the bill was in Congress, where he and the Trial Lawyers had yet to lose a single battle. Perhaps the most crucial element in Boggs' string of successes with Congress is money. Boggs himself gave over $100,000 to candidates between 1987 and 1992, and his wife, Barbara, gave another $35,000. But the real root of his influence is his ability to get others to pony up. It is said that he has raised more money for Democratic Congressmen than any other lobbyist. "He has the ability to convince clients and his friends of their need to contribute," said Robert McCandless, a former member of the Democratic National Committee's finance council. "You've got to be able to tell your clients that if they are going to do business in this town, they'd better make certain contributions to the party in power and to key people on the Hill."

The Trial Lawyers have heeded this advice well. Between 1989 and 1994, ATLA's political action committee contributed more than $5.5 million to candidates for Congress. Democratic members of the House Judiciary Committee received an average of $7,000 per election cycle from ATLA's political action committee. But even this figure understates the amount of money the group and their constituency can shepherd. According to the Product Liability Coordinating Committee, the group's 60,000 members made individual contributions totaling nearly $72 million during that time. Lawyers overall contributed nearly $120 million, making them the biggest givers of any single occupational group, both overall and per capita, in the country. The depth of their financial power and the fact that the Trial Lawyers are politically active in every congressional district in the country, have made them an almost unstoppable force.

The Trial Lawyers have also benefited from an alliance with various consumer protection groups, most notably, Ralph Nader's Public Citizen. Public Citizen argues that malpractice reforms are aimed solely at making it more difficult for injured patients to sue their doctors. They have a point. Doctors, like lawyers, are just trying to protect their practices. And they have never shown any great concern for the rising costs of health care before. But it doesn't take a doctor to see that many malpractice suits are frivolous, and that the threat of lawsuits does contribute to the cost of health care.

Still, Boggs was troubled by the sweeping nature of the Clinton bill—and by the number of committees with jurisdiction over it. Could he be as certain of his influence on the House Ways and Means Committee as with Judiciary? Not likely. If he could isolate the issue, get sole jurisdiction for the malpractice provisions transferred to Judiciary, the ball would be back in his home court, under the watchful eye of his close friend and duck-hunting buddy, Jack Brooks.

Dan Rostenkowski, chairman of Ways and Means, was famously territorial, but also a longtime friend of the Trial Lawyers. With an indictment on fraud charges imminent, he knew he might lose his chair, and with it the chance to guide the malpractice provisions through his committee. After prodding from Brooks and Boggs, he agreed to hand malpractice over to Judiciary, under Brooks' watchful eye.

For four months, Brooks sat on the bill, refusing to assign it to a subcommittee for discussion in hopes that it would die of neglect. Only at the urging of eight of the Committee's Republicans, led by Congressman Hamilton Fish, Jr., did Brooks start moving in late May. Committee hearings were held on June 22, and an open markup session on August 2—a full six months after Rostenkowski transferred jurisdiction.

Nowhere was Boggs' influence more apparent than at the markup session. Amid the bustling Judiciary hearing room, crowded with lobbyists from both sides of the malpractice debate, Tommy Boggs walked in, and took a front-row seat reserved for him. "A nice catbird seat," says lobbyist Elizabeth Richardson. Lobbyists for reform just shook their heads. It was clear where the session was headed.

Early in the hearing, Democratic Representative Mike Synar, along with colleagues Jerrold Nadler and Robert Scott, introduced an amendment. It dropped the specialist affidavit require-

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ment, but kept the cap on compensation at 33 1/3 percent for awards below $150,000, and at 25 percent for above.

One surprise, seemingly innocuous, was tucked into the amendment. It would make this provision supersede all other malpractice laws—nullifying states' existing reforms, many of which, such as those in California, placed strong limits on lawyers' compensation and damage awards. "It was a little time bomb," Richardson says, "designed to detonate later and destroy all state tort reform." Only one committee member, George Sensenbrenner of Wisconsin, recognized the implications of the line, but by that point the Trial Lawyers' position was too strong, and it was too late. The line stayed. For the Trial Lawyers, says Fred Graefe, "it was a straightforward slam dunk."

When Boggs sat down in his reserved front-row seat, everyone in the Judiciary hearing room knew where the markup session was going.

Unholy Alliances

Boggs had sunk a popular initiative with classic influence-peddling. John Jonas and Tom Scully, the partners at Patton Boggs charged with the task of tackling Clinton's health purchasing cooperatives, faced quite a different battle, and fought it in a different way. But it was no easier. "This may sound crazy now," Scully says, "but if two years ago someone asked me are we gonna get mandatory alliances, I would have said, 'Of course.'"

Large mandatory health alliances were the brainchild of Princeton sociologist Paul Starr, who detailed his plan in the 1992 book, *The Logic of Health Care Reform.* To be sure, the plan was not perfect, but within a managed competition system, the alliances would be crucial. The government would create regional health insurance alliances run by large insurance companies. Everyone would be required to buy their insurance through these alliances, choosing the plan that best suited their needs. Competition between the insurance companies would produce the free market benefits of lower health care costs, while the cooperatives' size would enhance consumer buying leverage, bringing the costs down even further. Making participation mandatory would prevent insurance companies from "skimming"—seeking out the healthy and shunning the sick. The plan seemed a sensible marriage of public and private sectors. Yes, it was complicated, but as James Fallows wrote recently in *The Atlantic Monthly*, that's "like saying the blueprints to an airplane are complicated."

It wasn't the complications, though, that bothered two Patton Boggs clients. The National Association of Health Underwriters and the National Association of Life Underwriters saw their very existences at stake. With all Americans buying their insurance directly through the alliances, the role of the so-called underwriters would be eliminated and many would lose their jobs. Early on, Scully and Jonas agreed that the mandatory alliances would be number one on their clients' hit list.

Scully and Jonas belong to a newer breed of lobbyist—specialists and policy experts—that are gaining influence. Jonas came to Patton Boggs from the staff of the House Ways and Means committee, where he engineered efforts toward insurance reform for California Democrat Pete Stark. Since he left in 1986, he has been one of the leading insurance lobbyists in Washington. There is nothing flashy about Jonas. Unlike Boggs, who is given to episodes of self-promotion, Jonas plays his cards close to the vest. Even his office is a portrait of utility: The only decoration in his small and impeccably neat office are three model sailing ships and his diploma from Cornell Law School.

Scully is among the top health care authorities in Washington and a fast-rising star in the Republican party. As a top aide in OMB, Scully was the driving force behind the Bush health care plan. Fast-talking with a whirlwind's energy, Scully's knowledge of his chosen subject can be dazzling. "Tom is without question the most technically expert lobbyist-consultant you would find in Wash-

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ington," says Barbara Daye of Blue Cross of California. "I've seen a lot of lobbyists, I've yet to meet someone with his breadth and scope of the technical delivery of health care systems."

Jonas and Scully's command of their field is their chief commodity. "You can't get access without knowledge," says Jonas. "I can go in to see John Dingell, but if I have nothing to offer or nothing to say, he's not going to want to see me." When Jonas and Scully served in government, congressmen grew accustomed to tapping them for information, and the relationship stuck. "I always looked upon Scully as someone who was a good mind on health care, not necessarily a well-heeled lobbyist for a special interest," says former Iowa Congressman Fred Grandy. "Of course, maybe that's just good lobbying."

It *is* good lobbying, but only if done carefully. "If you wandered in on a member who's trying to write a bill, and they want you to help them technically, and you go in there and act like you don't have an agenda ... and tried to sneak in your clients' stuff," Scully says, "I think you should be shot." There may be no better way to lose the member's trust, he says. Still, the line between a lobbyist's opinions and those of his client is murky, if it exists at all. "You certainly tend to take on to some extent your client's views," Jonas says, "like you would take on your boss' views."

And expertise will only get you so far. Congressmen care about two things: votes and money. The money was there. The insurance industry had given nearly $15 million to congressional candidates in the 1991-1992 election cycle. Together, Scully and Jonas represented four of the top ten donors from the industry, including the most generous, NALU, which shelled out nearly $1.4 million. And with members in virtually every district—many knew their Congressmen or their staff; some had even sold them insurance—the insurance underwriters had wide influence. What's more, they were impeccably organized. The National Association of Health Underwriters, which represented 13,000 agents, had arranged fax trees so they could get the word out to their members. "We could talk to our membership one evening," says Jay Grant, the group's president, "and have 2,000 people faxing Congress by the next morning."

Scully and Jonas decided in the spring of 1993 that to be as effective as possible, they would have to expand their base of support by building a coalition of associations in opposition to the mandatory alliances. The rise of coalition lobbying is one of the most compelling new developments in lobbying in the last 10 years. As legislation has become more complex and interest groups more dispersed, lobbyists have sought to combine their resources to enhance their influence. This practice reached its apex in the health care reform debate. Small businesses united with the American Medical Association to oppose the employer mandate. Medical specialist organizations teamed up against general practitioners. And a broad coalition of groups in support of the President's program, called the Health Care Reform Project, included groups like the AFL-CIO, the American Academy of Pediatrics, the Catholic Health Association, and the American Association of Retired Persons.

For their own coalition, reasoned Scully and Jonas, the broader the better, and they soon began contacting small business groups, who felt that the administration's plan would limit their choice of health care plans. Before long, 200 groups signed on, including the National Association of Wholesale Distributors, the National Wholesale Grocers Association, and the National Lumber and Building Material Dealers Association.

The coalition's motto, Jonas says, was "focused like a laser." Limiting its focus to the mandatory alliance issue—and avoiding more controversial topics like the employer mandate—took great care and effort to maintain. The group's statement of purpose, only a single typed page, took nearly two months to produce.

It wasn't enough to be merely opposed to the mandatory alliances, Jonas and Scully thought; they must have an alternative. And so Scully crafted a system of purchasing coalitions in which participation was voluntary. Employers and individuals, he argued, ought to be able to choose to buy insurance from one of the cooperatives, or from an individual insurer. The free market force of competition between insurers would be the key to keeping health care costs down, not government involvement. Clinton's mandatory alliances, was big government run amok, they said, and would undermine the forces of the free market.

To be sure, voluntary alliances sound a whole lot nicer than mandatory ones. But these voluntary alliances failed to solve the very problems that

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started the health debate: cost and the growing number of uninsured. Without the government's mandate, insurers could choose to cover only good health risks. The people who most needed insurance, the poor and those with pre-existing conditions, would be left out in the cold. What's more, without the purchasing leverage of the large mandatory alliances, the voluntary alliances would be less able to keep health care prices down.

But as with most aspects of the health care debate, the coalition's assertions went uncorrected by the press, which, much to its advantage, focused more on the politics rather than the substance of health care. *The Washington Post* was one of the worst offenders. Not surprisingly, Scully thinks it did an excellent job.

As early as February it was clear that mandatory alliances wouldn't make it out of Ways and Means. Pete Stark, the Health Subcommittee chairman and Jonas' old boss, said he couldn't count a single vote for the alliances in his committee.

With that, the focus shifted to John Dingell's Energy and Commerce Committee. If any committee could get a bill to the House floor, many thought, it was Dingell's. The Michigan Democrat shared Clinton's zeal for universal coverage; fifty years earlier, Dingell's father had introduced the first national health insurance bill in Congress. And Dingell, among the Hill's shrewdest horse-traders, had plenty of chips to play.

But his task was still formidable. Every one of the 44-member committee's 17 Republicans was opposed. To get the bill to the floor, Dingell needed 23 of the 27 Democrats. About one-third of these Democrats came from rural sections of the country, where support for Clinton's bill was weak and the small business lobby strong.

Except for the employer mandate, which he thought to be the only politically feasible way to finance such a broad program, Dingell was prepared to offer just about anything. In late spring, Michael Weisskopf wrote in *The Washington Post*, the chairman began going door to door. Congresswomen Lynn Schenk and Marjorie Margolies-Mezvinsky objected to price controls on new drugs—it would stymie research, they said—so the chairman dropped the idea. Virginian Rick Boucher couldn't countenance the cigarette taxes, so Dingell offered tax credits to tobacco farmers for alternate crops.

Dingell was one vote short, and the last one on the fence was Kansas Democrat Jim Slattery. It could not have worked out better for Jonas, Scully, and the coalition. The previous February, Jonas had accompanied several members of NALU and NAHU to a meeting with Slattery at which they presented the coalition's voluntary purchasing option. The Congressman was a natural ally. NALU was Slattery's single biggest contributor, giving him $10,000, the legal limit, between 1991 and 1992. Perhaps more importantly, one of Slattery's oldest and dearest friends is an agent for Aetna Life Insurance, and through him, the Congressman knew a number of other insurance agents. So Slattery was acutely aware of the underwriters' fear that purchasing alliances would throw them out of work.

Nonetheless, the meeting was tense. A few weeks earlier, Jonas had come to Slattery representing New York Life. Jonas' positions, according to Karen Hallows, Slattery's aide in charge of health care, were not directly contradictory, but the quickness with which Jonas switched from one client to another startled the Congressman. Slattery began the meeting by asking Jonas, "Who are you representing today?"

After the initial discomfort, the meeting got under way, and Slattery and Hallows agreed to watch the issue carefully. Knowing how much it meant to the insurance agents, Slattery soon agreed to support the voluntary cooperatives plan.

So when Dingell came to Slattery asking for support, the Kansan gave a tentative yes, so long as the mandatory alliances were dropped and the voluntary alliances were instituted. Dingell agreed—anything but the employer mandates—and amended the bill.

But the underwriters weren't the only lobby working on Slattery. The National Federation of Independent Businesses, fierce opponents of the employer mandate, had sent a barrage of members to hammer away on Slattery and, in the end, they won. Slattery broke with the majority, and

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opposed the bill. On June 28, Dingell announced that his committee would not report a bill.

The coalition had held. Lacking the strong, unified leadership that the Democrats had presented in the tax fight—and with wilting public support—the administration never even got to dealmaking, and health reform died a slow death. Several bills were drawn up in the frenetic summer months, but none stuck. Emboldened by their victories in Energy and Commerce and Ways and Means, interest groups, which by this had time spent over $100 million on the issue, became more insistent, and the Republican leadership reflexively rejected any reform bill that came down the pike. In the end, of course, not a single reform bill was passed, and on September 26, Senate Majority Leader George Mitchell announced that health care reform was officially dead.

That suited the clients of Patton Boggs just fine. The Trial Lawyers had beaten the odds, emerging from another malpractice battle unscathed. And the insurance agents had smashed the centerpiece of Clinton's reform plan.

It also suits Patton Boggs. Not only did their victory confirm their reputation, but the total defeat of all health reform also means that the issue will come around again, and with it, another rush of clients paying top prices to have Patton Boggs on their side. Health care reform took good care of Patton Boggs. The firm's total revenue shot up 25 percent in two years, from $49 million to $61 million. The next round could be even more fiercely fought, and more profitable for the firm. Tommy Boggs will be ready. □

The Washington Monthly

JOURNALISM AWARD

January 1995

David A. Vise
The Washington Post

In the midst of Washington, D.C.'s staggering financial insolvency, Fannie Mae, with yearly profits of $2 billion, pockets $300 million a year in local-tax exemptions. "If Fannie Mae were required to pay taxes," says Vise, "it would wipe out the District's budget deficit." But when Congress considered repealing Fannie Mae's privileged tax status, the company threatened to move elsewhere with its 3,450 jobs, and prevailed.

Vise exposes Fannie Mae's use of "wealth and political muscle to maintain the advantages that make it a money machine." Fannie Mae, the nation's largest privately owned mortgage company, asserts that it needs its government-granted advantages in order to offer lenders lower mortgage rates. But Vise rebuts the claim by reporting that on a $95,000 mortgage from Fannie Mae, a homeowner only saves $200 a year.

Anonymous
City Paper

"Reasonably well-raised white people with everything to lose are still getting hooked on crack, smack, you name it," writes the anonymous author. "One night, I'm compulsively mixing and fixing speedballs by candlelight in a roach-infested shooting gallery on Avenue C. The next afternoon, I'm gassing away on a panel discussion at one of Washington's more straight-laced think tanks."

The author details his frequent journeys into inner city drug war-zones and argues that it is the demand of middle-class "dope-fiends" that has turned inner city tenements into crime-ridden drug bazaars. Inner cities become "bloody Bosnias," while the "middle-class screw-ups" escape to suburbia, and the war goes on. After reading this compelling narrative, you might give seemingly clean-cut co-workers a second glance, and the folly of our drug policy a second thought.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation. Please send nominations to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, D.C. 20009. Two copies of the article or broadcast text should accompany the nomination. Nominations for stories published or aired in March will close April 15. The winner will be announced in the May issue.

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Paging Ward Cleaver

Conservatives are right that fatherless families are a problem. But a return to the fifties sitcom version of the family is no solution

BY NICHOLAS LEMANN

Fatherless America: Confronting Our Most Urgent Social Problem
David Blankenhorn, *Basic Books, $22*

Perhaps the essential difference between the conservativism of the eighties and the conservativism of the nineties is that the former was mainly economic and upbeat and the latter seems to be mainly cultural and gloomy. The books that best convey the mood of Reagan conservativism are exuberant briefs for tax-cutting, like *The Way the World Works* and *Wealth and Poverty*. Now we're getting a spate of neo-Hobbesian works that see the country socially disintegrating and wish for a stabler social order—it's evening in America. *Fatherless America*, which gazes out across the land and sees "a society that is spinning out of control," is a good example, and also the best one of these books that I've read so far.

The current conservative mood has a delayed-reaction quality. Most of the social indicators now causing alarm—crime rates, black out-of-wedlock birth rates, the slow down in median family income, the size of welfare rolls, drug use, the frequency of premarital sex and abortion—rose most steeply during the sixties and seventies, and now show signs of becoming, if not less alarming, at least not increasingly alarming. Newt Gingrich's almost daily railings against the sixties are evidence of the retrospective quality of conservative politics today. Imagine politicians and intellectuals of the 1860s spending most of their time debating the pros and cons of the Andrew Jackson era. They couldn't, because they were too busy fighting a war; our ability to contemplate the long-term corrosion of the social fabric is a luxury arising out of the relative peace and prosperity of our own historical moment. We're in a crisis enabled by a lack of crisis.

The specific ill that concerns David Blankenhorn is what he calls fatherlessness—that is, the increase (from about one-sixth in 1960 to about one-third today) in the portion of American children who don't live with their natural father. It's an original rubric, under which he places a wide range of familiar social problems, from divorce to violent crime, to out-of-wedlock childbirth. All these, he says, are best understood as consequences of the erosion of the ethos of traditional fatherhood. It's interesting, and a good illustration of the current conservative mood, that Blankenhorn barely mentions government and politics as contributors to the problem that so concerns him. The "cultural elite" (which can't be overthrown by elections) is the villain.

Fatherless America begins with an enormous drum-roll about the importance of the problem. On the first page, Blankenhorn uses the phrases "a problem with no name" and "two groups, separate and unequal"—references to Betty Friedan's *The Feminine Mystique* and the Kerner Commission report on the urban riots of the sixties. Clearly he wants to start a movement (right now he's barnstorming the country, col-

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lecting "fatherhood pledges"). The heart of the book, though, is devoted to a demolition of contemporary liberal bromides about the family, all of which are variations on the theme of "there is no one family structure that is best for children."

Blankenhorn has no use, for example, for the idea that the traditional father was deficient in any important way, or that it's heartwarming when a single woman decides to become pregnant and raise her child alone, or that men need to become more emotionally open and nurturing in order to be good fathers. Again and again he blasts away at heartwarming lifestyle-page visions of what's good for children that don't involve married parents. It would be better for a child, he says, for his father to die than to leave his mother. Domestic violence and child abuse are associated with single parenthood, not the traditional family. Child-support enforcement isn't working and wouldn't do much good if it did. Stepfamilies "comprise the most unstable and volatile family form in our society" and "are inherently fraught with bad outcomes for children." To Blankenhorn (who has perhaps been spared much experience with the dark side of the intact family), the unhappiness, for children at least, of one-parent or "blended" families is so great that it outweighs any possible unhappiness that could occur in a two-parent family.

Our ability to contemplate the long-term corrosion of the social fabric is a luxury arising out of the relative peace and prosperity of our own historical moment. We're in a crisis enabled by a lack of crisis.

What's best about the book is the energy, fearlessness, and sophistication with which Blankenhorn pursues what's essentially an academic "review of the literature" on the family. Other than a mildly indiscriminate throwing around of the word "elite," he admirably avoids cliches—this is the rare conservative book in which the phrase "politically correct" appears only once, and then in a quotation of somebody else. He actually takes the trouble to explain why the people he disagrees with are wrong, rather than allowing sarcasm, misrepresentation, exaggeration, or indictment-by-association to take the place of argument. He is comfortable, and perceptive, discussing everything from children's stories to correlation coefficients to the arcana of neo-Freudian theory—all the while also conveying the sense that what he cares most deeply about is the problem itself, not the intellectual jousting over it.

One of Blankenhorn's central disagreements with the liberal view of fatherhood (which he characterizes, somewhat unfairly, as being that it is "superfluous") is over the idea that male aggression, violence, and sexual promiscuity are the result of social conditioning. He holds the true conservative belief that the "state of nature" is something very bad, and that society is essentially civilizing, not corrupting; men in particular are inherently brutish, but can be turned "toward pro-social purposes" by marriage and fatherhood, which allows them to channel their aggressive impulses into breadwinning. (Readers of George Gilder's *Sexual Suicide* will find this theme familiar.) What men's children primarily want from them, Blankenhorn says, is this aggressiveness-harnessed-toward-work. If their fathers also happen to give them hugs and change their diapers, that's fine, but it doesn't happen very often and it isn't necessary. If children don't have fathers, they will begin to revert to the state of nature, becoming cartoonishly aggressive if they are boys and fertile if they are girls. Needless to say, Blankenhorn believes that gender differences are innate, not constructed.

Fatherlessness, on the other hand, does originate in the culture, specifically that part of the culture controlled by the cultural elite. Blankenhorn has come up with many, many examples of tinny rationalizations by experts about the possibility of happy, healthy, father-absent childhoods, but he hasn't convinced me that these rationalizations are the cause of the phe-

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nomenon he's right to deplore. Some of the material he cites is feminist wishful thinking, some is after-the-fact attempts to cheer up single parents, and some simply doesn't have the influence that Blankenhorn attributes to it. He would answer that what's in the tiny psychological quarterlies today will be on "Donahue" tomorrow. True, but the media are so ravenous for material about the family that any and all theories tend to be disseminated almost indiscriminately. That's why Susan Faludi's *Backlash*, working from the same media/pop culture database that Blankenhorn uses, could make the case that anti-feminist dogma is everywhere as convincingly (well, maybe a little less convincingly) as he makes the case that it's pro-feminist dogma that's everywhere. Blankenhorn himself is sure to become ubiquitous on talk shows in the coming months.

What, other than the cultural elite's relativism about family structure, could be responsible for Blankenhorn's epidemic of fatherlessness? The obvious answer is economic forces—the loss of unskilled jobs that William Julius Wilson and Katherine Neckerman blame for the near-universality of out-of-wedlock childbirth in ghettos (a theory that Blankenhorn, while citing their work, doesn't mention), the decrease in blue-collar men's real wages, and the large-scale entry of married women into the workforce.

The three phenomena are related, all being consequences of the increasing importance of white-collar jobs that can be done equally well by women and men. Surely when women were no longer presented with a stark choice (if you want the joy of children, you have to have a man supporting you), many of them kicked out their doggy husbands. For all his thunderousness, Blankenhorn tiptoes a little on the issue of women and work: He repeatedly uses words like "breadwinner" and "provider" as synonyms for the masculinity he wants to see restored, but he insists that real men don't have a problem with the idea of their wives working.

All works on social problems are weakest when proposing solutions. *Fatherless America*, no exception to the rule, ends by calling for a combination of from-the-ground-up volunteer efforts by "guys from Paducah and Dubuque" to promote fatherhood, and new government studies of the issue, which if mandated would constitute a welfare program for exactly the kind of relativistic family experts Blankenhorn hates. Actually, Blankenhorn himself, as head of a widely quoted think tank, is a member of the cultural elite, and his book will help promote a healthy from-the-top-down glorification of the two-parent family. The superficiality of Blankenhorn's remedies is partly a product of his unwillingness to acknowledge that there is any barrier but the cultural one to a return to the family norms of the fifties. To put it another way, he finds the previous system to have been so good that the removal of women's economic dependence on it contributed nothing to its demise and doesn't now stand in the way of its restoration. What if those mute, glorious, hard-drinking guys that Blankenhorn loves so well were artifacts of the industrial age? Anyway, wasn't the super-strict masculine role they had to play even a little bit constricting? The family we'd all like men to return to would have to be conducted on at least somewhat more equitable terms if husband and wife were both working. Besides that, it would have to be enabled by some economic change in addition to the cultural one Blankenhorn wants. Either we could get some footing under men or take it away from women. I know which one I'd pick. □

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Out of the Melting Pot, Into the Fire

By refusing to acknowledge immigration's downsides, elites invite nativism. But does a taste for burritos really make you a traitor?

BY PAUL GLASTRIS

Alien Nation: Common Sense About America's Immigration Disaster
Peter Brimelow, *Random House, $23*

One of my favorite Chicago haunts is Devon Avenue, a gritty strip of brick storefronts on the city's far north side. Once a middle-class Jewish shopping district, a place where women bought bat mitzvah dresses, Devon was going to seed in the seventies as upscale Jewish families headed for the suburbs. But then some enterprising Indian immigrants opened a few modest sari shops, the city's first. Business boomed, and soon dozens more Indian stores opened, hawking handmade jewelry, burlap sacks of basmati rice and 220-volt appliances for smuggling to relatives in protectionist India. Now, on summer evenings, Indian families from all over the Midwest parade up and down the avenue in saris and Nehru jackets, past the restaurants and retail stores, the sweet, musty scent of sandalwood incense wafting out of open doors on air-conditioned breezes.

Though Indians dominate Devon Avenue, other groups shop here, too. American-born Orthodox Jews hit the kosher butchers and religious bookstores. Assyrians sit in shabby all-male cafes, playing backgammon and staring menacingly out the window, their open shirts revealing mats of thick black hair. Greek greengrocers stack boxes of mangos on the sidewalk, stiffly enforcing the rule against mixing and matching mangos from one box with another, a rule which women of every ethnic group love to break. Russian men in threadbare suits sit with their wives for hours on sidewalk benches, watching the melting-pot spectacle with vague disapproval.

Unlike the immigrants, with their sectarian suspicions, I take a catholic delight in the whole Devon scene: It's a cheap alternative to the exotic foreign travel that I wish I could afford to do. This, however, makes me a traitor in the eyes of Peter Brimelow. A conservative, British-born senior editor at *Forbes*, and a naturalized American citizen, Brimelow argues in *Alien Nation* that the benefits of immigration have been hyped and the costs played down by an elite class of immigration advocates—economists, congressional aides, and journalists who derive a strange psychological pleasure from the presence of exotic foreigners on U.S. soil, a pleasure most other Americans do not share.

Elites from both parties share this enthusiasm, though for somewhat different reasons. Liberals welcome immigrants out of humanitarian impulse, the prospect of more Democratic voters or, for multi-culturalists, diversity for diversity's sake. Conservative free-marketers stress the economic benefits of immigrants, while neoconservatives see their work ethic and family values as antidotes for American moral decline. Yet beneath this bipartisan immigration

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adoration, argues Brimelow, lies an ugly truth: Compared to native-born Americans, immigrants are less skilled, use more welfare, pay less taxes, and exacerbate the gap between rich and poor. Rather than admit this, the "alienists," as Brimelow dubs the elites, have kept the door wide open, without the support of the American people, while tilting the mix in favor of immigrants from the Third World. The eventual result, he concludes, will be a country whose traditional racial and cultural mix is so profoundly changed that, decades from now, America could look like Beirut.

Brimelow's views on ethnic mixing are, I will argue, hysterical and unsound. But his views on elites have a ring of truth. "Alienists" from across the political spectrum have long promoted large-scale immigration while ignoring public opinion polls which for years have shown that the majority of Americans believe too many immigrants are being let in. In Europe, such cavalier disregard of public opinion toward immigration has led to race riots, third-party challenges, and sweeping restrictionist laws.

We're not that far gone, but in today's stringent economy Americans are more willing than ever to see immigrants as a threat. Consider the successful passage last fall of Proposition 187, the California ballot measure that would deny social services to illegal immigrants. (Copycat measures have already spread to other states.) Florida and California officials are suing the federal government over the costs of providing social services to immigrants. The Contract With America even contains a provision that would make nearly all of the nation's 10 million *legal* resident aliens ineligible for an array of federal programs.

Though Brimelow's book is deeply flawed, there are good reasons to take it seriously. His fellow conservatives now control immigration policy and his arguments could push a fair number of them into the nativist camp. A portion of the American public (though I don't think a majority) shares Brimelow's racial fears. And his anti-elitist arguments are almost bound to play well with the Perot and Limbaugh sets. But one of Brimelow's most powerful allies is the silence of immigration proponents on the system's very real problems. The "alienists" of both parties have ceded the debate, and nativists like Brimelow are filling the vacuum.

In *Alien Nation*, the main target of Brimelow's wrath is the Immigration and Nationality Act Amendment of 1965. Sponsored by then-freshman Senator Ted Kennedy, the law abolished preferential treatment for European immigrants in favor of granting visas to family members of immigrants already here. Though Kennedy promised otherwise, the law wound up vastly increasing immigration levels because certain immigrant classes (refugees and family members of U.S. citizens) were exempt from overall limits. And contrary to Kennedy's assurances at the time, the law has also altered fundamentally the ethnic mix of immigrants. Over 80 percent of the 16.7 million legal immigrants admitted since the law's passage have come from Asia, Latin America, and the Caribbean.

Brimelow concludes that the 1965 act has been "a disaster" for America, notwithstanding the oft-cited claim of immigration advocates that current immigration is not that high by historical standards. Compared to the peak years of immigration around the turn of the century, he notes, fewer immigrants today return to their home countries; net immigration is thus relatively higher now. This, plus a much lower native birthrate, means that immigrants today have a disproportionately powerful impact on the country's makeup: Immigrants now account for 37.1 percent of all new population growth, compared to 27 percent between 1900 and 1910.

But, as Stephen Moore of the CATO Institute points out, if the U.S. birth rate were zero, and we let in only one foreigner a year, then immigration would make up 100 percent of annual population growth. A better measure of the cumulative impact of immigration is the percentage of the population that is foreign-born: It was 6.4 percent in 1900, and it is only 3.6 percent today, including illegals. The country is hardly awash in immigrants.

Of course, the difference is that today's immigrants are mainly from the Third World. "Ethnicity is destiny," Brimelow repeatedly asserts. As evidence, he notes the connection between ethnicity and voting patterns. Most whites and a few immigrant groups (such as Cubans) vote Republican; blacks, Jews, most Hispanic groups, and a minority of whites vote Democratic. Ah, destiny! But he also contradicts his theo-

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ry. The Irish and other white ethnics used to vote Democrat and now they vote Republican. No one knows how Asians will vote, but for the present they lean Republican, like the country as a whole. The Hispanics, well, their votes are also up for grabs but they don't vote much anyway.

Brimelow trips himself up because he is trying to write about immigration without mentioning its key ingredient, assimilation. In politics as in most other areas, the only thing destined about ethnicity in America is that it disappears. Sure, certain traits persist. The fact that my grandparents came from Greece no doubt explains my taste for spring lamb and my enthusiasm for pontificating on subjects I know nothing about. But these are whispers compared to my rather loud American-ness.

Almost everything we know about immigrants past and present suggests that they adopt with astonishing speed the folkways of America's mutant-British culture. Hence 10 percent of Mexican-Americans in Southern California have become Protestants, while one-third to one-half of all California Mexicans marry outside their ethnicity.

White Heat

Brimelow ultimately concedes assimilation's power in a few cover-your-ass sentences near the end of the book. But he maintains that assimilation might not work once whites lose their numerical superiority. Historically, he notes, the only stable multi-ethnic states have been authoritarian: the Austro-Hungarian Empire, the Soviet Union, Cyprus under British rule. Today, those states have dissolved or are threatening to. What keeps America from disintegrating is, as it were, the jackboot of white hegemony. But by the year 2050, Brimelow notes from a U.S. Census prediction, whites will constitute only 53 percent of the population. He writes:

> As [the] white voting bloc is reduced in relative size," he writes, "ever more intense incentive will be offered enterprising politicians of all ethnic groups, including, perhaps, the almost-majority whites, to whip their supporters into line in order to marshal their vote. Supreme power in American politics will have come within grabbing range—no longer for any one bloc but for an unstable, jockeying combination of them.

A scary scenario. The problem is, the much-ballyhooed decline of the white majority isn't really happening. Predicting population patterns is notoriously difficult because it requires making assumptions about future fertility and mortality rates that are impossible to predict accurately. That's why the census Brimelow cites has a margin of error of 150 million people for the total U.S. population in 2050. "If they don't even know what the population will be," asks Harvard ethnic historian Stephan Thernstrom, "how can they know what proportion will be Asian?"

Even more problematic, the census study counts the millions of children of mixed marriages as nonwhite. But why? My ancestors are from Greece; my wife is from northern India. My five-year-old daughter looks, more than anything else, like an Italian. Is she white? Who can say? Certainly it's ridiculous to label her "nonwhite." Yet only by doing so can Brimelow make the case that immigration threatens whites' numerical majority. (Ironically, the myth that America is becoming a "majority minority" society has been pushed most fervently by the left as a way to sell "diversity training" to whites.)

When he argues that the economic benefits of immigration to the native-born are marginal, though, Brimelow does have a point. Yes, immigrants work hard and boost the GNP. But they also take back much of that growth in the form of wages they earn. Subtract those wages from the extra GNP growth and you get the "immigrant surplus," the portion that benefits the native-born. And that figure is pretty tiny: $6 billion to $20 billion per year in a $6 trillion economy, according to the calculations of economist George Borjas of the University of California at San Diego.

Borjas is about the only economist with restrictionist leanings whose work other economists take seriously, and his analysis is fair, as far as it goes. But his equations don't pick up some major economic advantages of immigrants to the native-born, such as their high level of entrepreneurship. Most immigrant businesses are of the Devon Avenue variety—family-run enterprises—but others represent the cutting edge of American competitiveness. The

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founder and CEO of microchip-maker Intel Corporation, Andrew S. Grove, is a Hungarian immigrant. The firm that made the computer I'm typing on, AST Research, was started by a Pakistani and two Chinese immigrants. Foreign-born scientists and engineers dominate the product development departments of countless electronic and pharmaceutical firms, while immigrant scientists at American universities feed U.S. firms with fresh research and, on occasion, plow whole new fields of potential economic growth. Such contributions are perhaps impossible to estimate in dollars, but Brimelow barely acknowledges their existence.

While minimizing their economic contribution, Brimelow charges that immigration exacerbates the widening gap between rich and poor in America. Borjas co-authored a study for the National Bureau of Economic Research which concludes that low-skilled post-1965 immigrants compete with native-born low-skilled workers not by taking jobs, but by bidding down wages at the low end of the pay scale. As much as one-half of the 10 percent relative decline in wages for low-skilled workers during the eighties was probably due to a combination of increased immigration and foreign trade, the study estimates.

Those lower wage rates, in turn, mean higher rates of return for those who own factories, hire cleaning ladies, or otherwise employ low-wage immigrant workers. In a separate study, Borjas estimates that immigration redistributes as much as $140 billion annually from low-skilled workers to owners of capital. This helps explain, says Brimelow, why opinion polls find that upper-income Americans tend to be pro-immigrant.

But, again, Brimelow doesn't tell the whole story. Immigration might explain part of the wage decline of native high school dropouts but not the falling wages of high school graduates, who are not hurt much by immigration. Also, even the lowest-skilled native-born workers derive some gain from lower prices on goods and services provided by immigrant workers, from fast food prepared by Mexican cooks to clothing at K-Mart rung up by Jamaican check-out women. More important, a myriad of studies looking for direct proof that immigration undercuts wages have found none.

Finally, even presuming that immigration does explain part of the decline of low-skilled wages, abolishing immigration won't stop the decline. That's because immigration and foreign trade are to a great extent substitutes for each other. "If you don't let in immigrants, American companies will just move more of their plants to the Third World," notes Harvard economist Richard Freeman, who co-authored the wage study with Borjas: "Trade and immigration have similar down sides but in both cases the benefits outweigh the costs."

It is possible, of course, to reduce the costs and boost the benefits by bringing in fewer unskilled immigrants and more educated ones. And incoming immigrant skill levels have grown. But native skill levels have grown faster, leading to a widening skills gap: Immigrants had .35 fewer years of schooling than natives in 1970, 1.3 fewer years in 1990. Again citing Borjas, Brimelow blames this troubling trend on the shift from predominantly European to mostly Third World immigrants brought on by the 1965 Immigration Act. But that is only partly right. According to the Urban Institute, the widening skills gap is almost totally the result of the low educational levels of two distinct groups: illegal immigrants, who enter the U.S. despite the '65 law, not because of it; and refugees from former communist countries, who have been admitted for geostrategic rather than economic reasons. Non-refugee legal immigrants—from countries such as India, Peru, Taiwan, Egypt, and Nigeria—have higher average education levels than native-born Americans or immigrants from Europe.

Brimelow writes with the charmless vituperative wit of a talented journalist who has spent too much time feeling unfairly attacked. Ever since Brimelow first published his views in a lengthy cover story in the *National Review* a few years ago, he says he's been repeatedly called a racist for suggesting that a preference for one's own ethnic group is not some horrible retrograde prejudice but a natural—and even useful—human trait that only a utopian would seek to abolish: "The impulse that causes men to go to war over their racial, etc. differences is closely related to the impulse that causes them to protect and feed their families."

There is something to this. Certainly the charge of "racism" is too easily thrown around these days, but there are suspicious holes in

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Brimelow's arguments. For instance, he buttresses his preference for white Eastern European immigrants by noting that the money they would remit home would help stabilize those countries' economies. Good point. But wouldn't the same hold true for Mexico, a country whose stability is arguably far more crucial to U.S. security than, say, Romania?

He calls the assertion that America has always been multiracial "a lie." "America at the time of the Revolution was biracial ... black and white." And what, one may ask, about the Native Americans? Brimelow thinks that to the extent we have any immigration at all, it should reflect America's "traditional" ethnic mix. He then complains that too many African and Caribbean blacks are being let in, 12 to 14 percent of current annual total. But doesn't that just about match the percentage of the native-born who are black?

Fixing the Alienation

Amid all his histrionics and flippancy, though, Brimelow does put his finger on issues which legitimately bother Americans about immigration. The definitive issue is welfare. If there's one thing taxpayers hate more than able-bodied people on the dole, it's able-bodied *foreigners* on the dole. In 1970, Brimelow points out, a slightly lower percentage of immigrants received welfare (5.9 percent) than native-born Americans (6.0 percent). But by 1990, when 7.4 percent of the native-born collected welfare, 9.1 percent of immigrants did.

These are troubling statistics, though less so than they first appear. The numbers are inflated by the high welfare rates of political refugees, who are eligible for benefits as soon as they arrive in the U.S. Non-refugee legal immigrants—who must wait three to five years before receiving such services—use AFDC, the main welfare program, at slightly lower rates than do natives, according to demographer Frank Bean and his colleagues at the University of Texas.

Still, the number of immigrants receiving Medicaid and Supplemental Security Income (SSI), a cash benefit program for the indigent elderly and disabled, is soaring. Immigrants constituted 12 percent of the SSI caseload in 1993, up from just three percent in 1982. Immigrant SSI recipients tend to be elderly parents brought over by immigrant children who in many cases have the means to support them but who understandably take advantage of legal loopholes.

To solve this very real problem, the Contract With America proposes a solution that is both draconian and foolish. Legislation now moving through the House would deny legal aliens virtually all cash assistance programs. This plan would do more than bring suffering to responsible legal immigrants who fall on hard times; it also would shift costs to the states, a fact some GOP governors have noted.

The U.S. Commission on Immigration Reform has a better solution. The Commission argues that the immigrant welfare rate can be reduced—without stripping the government safety net to shreds—by making sponsors more responsible for keeping their relatives off the dole. Currently, the "affidavit of support" that all sponsors must sign before bringing their relatives over is not legally enforceable. Making it so would allow the government to dock the wages of sponsors who don't fulfill their responsibility. Newt Gingrich favors this approach to the Contract's more severe welfare cutoff.

Brimelow also highlights other outrages that immigration advocates might ponder. Why, for instance, does Uncle Sam send Earned Income Tax Credit checks to people it knows have fake Social Security numbers? (Eighty-three percent of illegal immigrants have fake numbers.) Why is it that 25 percent of all criminals in federal penitentiaries are foreign born, three times their proportion to the population?

These disturbing trends can almost certainly be reversed without resorting to a "moratorium" on all immigrants, as Brimelow demands. The Clinton administration has taken some vigorous first steps by beefing up border enforcement and negotiating to repatriate immigrants in federal prisons back to their countries of origin. Still, tougher measures are in order. If we truly have too many uneducated immigrants coming in, why not impose ethnicity-neutral education standards for all immigration applicants? If some second-generation ethnics aren't speaking English fluently, maybe it's time to revamp (or eliminate) bilingual education, or perhaps grant extra points to immigration applicants who

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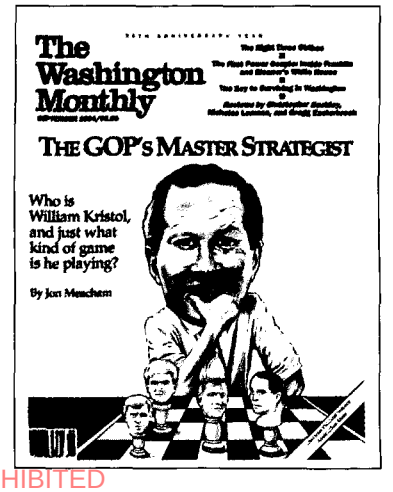

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speak English. These and other reforms, which would make Americans feel that they are in control of immigration and not the other way around, should be championed by liberal immigration advocates. But of course they won't be; multiculturalism runs too deep in the liberal psyche these days. For sensible leadership on immigration, we may have to depend on pro-immigrant conservatives like Newt Gingrich.

Unfortunately, Gingrich and company have their own paralyzing mental blocks. New immigrants pay the federal government more in taxes than they take in services, whereas it is often the other way around for states and municipalities with large immigrant populations. This is the legitimate complaint driving Proposition 187 and similar measures. The obvious solution: Have the federal government reimburse immigration-impacted cities and states. But such a sensible idea would be doomed in a political environment that defines nearly all such aid as "pork."

In the end, though, the public's reaction to the nativist arguments put forth in *Alien Nation*—indeed, the decisions the public will make on the entire immigration question—will probably depend less on calculations of costs and benefits than on gut feelings, on whether Americans feel comfortable allowing strangers to settle in their country. Brimelow would say that a taste for Third World immigration is limited to "alienists," Americans alienated from their country's white-dominated culture. Such people certainly exist; you can hear them every day on NPR pronouncing the word "Mexicans" as "Me-he-ca-nos." But to me, the appeal of immigration is quite different. Walking along Devon Avenue, I take an undeniable, patriotic delight in seeing immigrants slowly transforming themselves into Americans: the Indian mom in her sari next to her kid in a Bart Simpson t-shirt.

Are my sentiments so different from the average American's? Somehow I doubt it. When pollsters ask citizens if too many immigrants are being allowed into the country, 60 percent respond yes. Yet 60 percent also approve of admitting immigrants looking to reunite with their families—a category which makes up the bulk of current immigration. Such responses suggest that the public's attitude toward immigration is confused, nuanced, or at least open to argument.

So it seemed to me on a sticky-warm evening last September, when I took a drive up Devon Avenue to look for signs of a "backlash against immigrants." An editor had called wanting to know if the Midwest was experiencing the same kind of anti-foreigner revolt as California, where voters were rallying behind Proposition 187. If a backlash were brewing anywhere in the Midwest, I reasoned, it would be in the neighborhood around Devon Avenue, among the native-born Americans.

I found plenty of them at Casey's Corner, a working-class bar on Devon. With a TV in the corner flickering images of U.S. troop ships preparing to invade Haiti, it didn't take much prodding to get the patrons to unload their frustrations over U.S. immigration policy, though not quite in the way Brimelow might have liked.

Clark Yates, an African American with a scruffy beard and a mechanic's shirt with the sleeves torn off, complained: "How can we keep bringing people into this country by the millions when our own people don't have jobs?" "I've never been prejudiced," he insisted, "I accept everybody." Yates nevertheless grumbled that the government "brings in these people who can't speak a word of English."

This tirade sparked Yates' friend Eddy Jerena, a carpenter of Sicilian extraction, into a spirited defense of Mexicans. "My brother, he has a business and the Mexicans work hard for him, 12 hours a day, and they don't complain. You get these American-born guys, they don't work like that. This country was built by immigrants. The Mexicans deserve to be here." Eddy's gripe with U.S. immigration was with the refugee program, and its generous welfare benefits. Why, he asked, is the U.S. government "importing all these Russians into the country" and paying them all this money?

The third man at the table, Rick Scrimpsher, a burly Vietnam vet of German descent, insisted that he, too, wasn't against immigrants per se. "Everybody's welcome," he said, summing up his philosophy, "but after five years, they have to become citizens. If they don't, we boot 'em out."

Three hours and several pitchers of beer later, I left Casey's Corner, delighted in the knowledge that my new friends' qualified generosity toward immigrants was a lot closer to my own attitudes than to the pinched British xenophobia of Peter Brimelow. □

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The Summer that Saved the West

BY CHARLES PETERS

Hard Bargain: How FDR Twisted Churchill's Arm, Evaded the Law, and Changed the Role of the American Presidency
Robert Shogan, *Scribner, $24*

In the last half-century or so, American presidents have displayed a proclivity for foreign policy misadventures, often carried out in secret and without consulting Congress. Robert Shogan, one of our shrewdest political reporters, has an intriguing explanation of this phenomenon. It all began, he says, with Franklin Roosevelt's deal with England in 1940 in which the United States acquired sites for military bases from Newfoundland to Trinidad in exchange for 50 destroyers. The deal was made public at the beginning of September 1940, but had been negotiated largely in secrecy, and was not submitted to Congress.

Shogan tells a fascinating story of the three months of negotiation that produced the agreement. Unfortunately, his analysis is less compelling. Because he is a great reporter, Shogan has the integrity not to omit the facts that don't fit his case, but he too often either minimizes or misinterprets them.

1940 is a year everyone should know and know well. It was a crucial moment in the history of the modern world. And the drama was at its height during the period of June through September.

This was the situation in the middle of June: Hitler had completed his conquest of France, having already overrun Poland, Norway, Denmark, Holland, and Belgium. He was planning to invade Britain in September. Britain was short of all kinds of armaments, but, of its many needs, destroyers ranked among the most desperate. So Churchill asked Roosevelt for 50 of the World War I-era destroyers this country had mothballed. The need was clearly immediate.

Yet Roosevelt could not say yes right away. There was a law called the Walsh Amendment that appeared to preclude a transfer of American warships to another country. Even more daunting was the fact that the American public had been largely isolationist in sentiment for more than twenty years. The great national hero, Charles Lindbergh, was an active leader of the America First camp, aided and abetted by such prominent senators as Burton Wheeler, Hiram Johnson, Gerald Nye, and Arthur Vandenburg. *The Chicago Tribune*, the leading editorial voice of the isolationists, said, "The sale of the American ships to a nation at war would be an action of war." Herbert Hoover, the only living ex-president, opposed the transfer. And perhaps most maddeningly, Roosevelt faced the same problem that Churchill had been forced to confront when France, in its death throes, had asked for his precious Spitfire fighters. Would he be sacrificing to a lost cause weapons that would soon be needed in his own country's defense? Hitler seemed unstoppable. Britain, especially since it had been stripped of its armor at Dunkirk, did not seem a good bet to succeed where all others had failed. Many feared America would be next. *Time* magazine ran drawings of Nazi arrows sweeping across the Atlantic. Only 13, I took the peril so seriously that I decided I should enter military school.

Clearly we were scraping the bottom of the barrel. Roosevelt had to get a pitifully unprepared America ready to fight. The army had only a few hundred thousand men. So it was essential to get a military draft enacted. The bill didn't pass until September 15, and until it was passed it had to take priority over other legislation. Shogan makes

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only fleeting reference to this crucial part of the context of the destroyer deal. This was the first peace-time conscription in American history. It was, to say the least, politically dangerous, as was to a lesser but real extent FDR's call-up of four National Guard divisions that summer, to which Shogan devotes only one sentence.

And Roosevelt was far from being in the strongest political position of his career. He was nominated for a third term in July, but at a convention that was grumbling and at times near rebellion. The Republican candidate, Wendell Willkie, was the most formidable opponent he had faced. (In November, Willkie was to receive five million more votes than the previous Republican presidential nominee.)

So here was FDR trying to get a draft enacted and prepare his country while running against a dangerous Republican opponent and having to face the strong emotional arguments of Lindbergh and the other isolationists against involving the country in a foreign war. Now he added to his problems the effort to accommodate Britain's need for the 50 destroyers.

Far from keeping the matter a secret, Roosevelt tried to drum up public support for somehow getting the destroyers to England. He invited the nation's most powerful magazine publisher, Henry Luce of Time-Life, to the White House and said, "Harry, I can't come out in favor of such a deal without the support of the entire Time-Life organization for my foreign policy." FDR then arranged for General John Pershing, the only national hero more admired than Lindbergh, to make a radio speech advocating the deal. Roosevelt took Senator Walsh, the author of the amendment that stood in the way of the transfer, for a three-day cruise on the presidential yacht. He used William Allen White as an intermediary to try to get Willkie if not to advocate the deal, at least not to oppose it. Hoover persuaded Willkie not to come out in favor of the deal, but White kept him from coming out against it. And, last but not least, Roosevelt had the unenviable task of convincing the Chief of Navy Operations, Harold Stark, that giving up those fifty ships was a dandy idea.

By the time he got the admiral on board, some clever lawyers, including Ben Cohen, Dean Acheson, and Attorney General Robert Jackson, had discovered a loophole in the Walsh Amendment. But the loophole required that, as a net result of the transfer, the defense of the United States would be improved.

So in August FDR told Churchill: We will give Britain the destroyers, but to take advantage of the loophole, we have to get something that will strengthen our defense—namely, bases in the British colonies along our Atlantic defense perimeter. FDR also had to deal with the problem Churchill had faced with the French request for Spitfires—assurances that, in the event England should fall to the Nazis, the British fleet would sail to our shore. In other words, the destroyers would not go down with England, but would be available for our own defense.

Churchill had difficulty meeting the request for two reasons. First, presenting the matter as a trade would not look like a good deal to many of his constituents who would think that the bases were more valuable than the destroyers. Second, he feared the British people would think it defeatist if he appeared to acknowledge even the possibility that Hitler might conquer England. In the darkest days of May, he had actually mentioned the possibility, but he didn't want to do so again. He instructed his negotiator, Lord Lothian: "Pray make it clear at once that we could never agree ... to any such defeatist announcement, the effect of which would be disastrous." Churchill's concern about this matter was one reason the details of the negotiations were kept secret, even though everyone knew a transfer was possible and could happen any time.

It was not until the end of August that Churchill could overcome his misgivings and agree to the deal. With the Nazis poised to invade England in mid-September, and the Congress getting ready to vote on the draft at the same time, was FDR to say, "I've got to hold up sending the destroyers until I get congressional approval?" Of course he shouldn't have, and he didn't. As a result, the first dozen American destroyers departed our shores on September 5.

In mid-September, the draft law was enacted. Would it have been if Congress had been distracted by a debate about the destroyers? Also in mid-September, the German Admiral Erich Raeder recommended that the invasion be postponed indefinitely, citing the presence of more than 30 British destroyers off the coast of southwestern England as one of the decisive deterrents. This was nearly half the operational destroyers that the

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British had to protect all the sea lanes of the world from German submarines. Could they have risked such a concentration of their resources if they had not known the American destroyers were on their way? Churchill said the transfer of the 50 American destroyers made a "profound impression throughout Europe," even encouraging Spain to resist Nazi demands for access to Gibraltar that fall.

So I think Shogan is wrong in contending that congressional approval should have been sought for the destroyer deal. There just wasn't enough time. The secretary of state, Cordell Hull, a former congressman who knew the ways of the Hill, told FDR that the legislation would face "many weeks of discussion." The widely respected senator, Charles McNary, who was the Republican nominee for vice-president in 1940, told Roosevelt that he could not support the deal if it was submitted to the Senate before the election, but that he could go along with the deal if Congress did not have to act. According to a survey of the Senate that August, 12 members of Roosevelt's own party would have opposed the transfer, and only seven would even say they would "probably" support it. And as late as August of the following year, the isolationists still had enough power to come within one vote of defeating the extension of the draft.

I think Shogan's right, however, in deploring many of the subsequent examples of bypassing Congress by those responsible for our foreign relations. Almost all of the time, Congress *should* be consulted. But there are two examples where, as in 1940, action had to be taken in a time frame that made consultation impossible.

The first was the invasion of South Korea by North Korea in late June 1950. The progress of the North Korean advance was so rapid—remember that by early August they had pushed all the way down the peninsula to what became known as the Pusan Perimeter—that our troops had to be dispatched before Congress could be consulted as Shogan thinks it should have been. But I do believe that Congress should have been consulted as soon as catastrophe was averted—and I agree with Shogan that one reason that may not have happened was that Truman wanted to protect his Secretary of State, Dean Acheson, from embarrassment over his apparent error in seeming to have invited the North Koreans to invade.

The other Shogan example with which I disagree is the Cuban Missile Crisis. Here again, the time frame for action was so condensed that consultation was impossible. And just as I think Truman was right to send troops to South Korea, John Kennedy was right, sublimely so, to decide on the blockade as a way to defuse the missile crisis, instead of authorizing the air strikes on Cuba that Dean Acheson and other senior advisers urged. Shogan quotes Acheson as saying that Kennedy was lucky to get out of the missile crisis. He was certainly lucky he didn't take Acheson's advice. Given what we know now about what the Russians were thinking, it would almost certainly have led to war.

Where Kennedy was wrong in the Cuban Missile Crisis was in not telling the public the full story after it was over, including the role Robert Kennedy's secret offer to the Russians to remove our missiles from Turkey played in persuading the Russians to remove theirs from Cuba, leaving far too many of the public thinking the lesson of the crisis was simply that we had out-toughed the Russians. This misunderstanding was to encourage too many macho misadventures in the future.

So rather than saying no secret deals, period, it seems to me that the lesson is secrecy only where absolutely necessary, in the most compelling emergencies—as in the Battle of Britain, Korea, and the Cuban Missile Crisis—and afterwards, full public disclosure as soon as possible.

The best reason for consulting Congress is that we have not had many presidents like Roosevelt, Truman, and Kennedy, who could be counted on in a crisis. The combination of courage and good sense that they displayed is rare. Even a clever fellow like Dean Acheson who was right in 1940 could be partly in error in 1950 and dead wrong in 1962. All of which makes it regrettable that Shogan portrays the destroyer deal as something that should be denigrated instead of celebrated.

What happened that summer was in fact very close to miraculous. By the end of September 1940, the threat of a Nazi invasion of England and of America being left alone and defenseless against Hitler—a threat that had loomed so ominously just three months before—had vanished, never to reappear. For this many deserve honor: Churchill, the brave pilots of the RAF—and Franklin Delano Roosevelt.

The only catch is that I was stuck at military school. □

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War Stories

Robert McNamara comes clean on Vietnam

BY RICHARD REEVES

In Retrospect: The Tragedy and Lessons of Vietnam
Robert McNamara, *Times Books, $27.50*

In 1989, I interviewed Robert McNamara for my book *President Kennedy: Profile of Power.* When the questions turned to Vietnam, the former defense secretary stopped me and said that he had long ago decided that he would not speak or write about the war in Vietnam—ever. But, if I was interested, he said, I might want to look for the memorandum he wrote after his last trip to South Vietnam before Kennedy's death.

He was vague about the details, but clear in urging me to judge him (and Kennedy, too) by that memo. Despite McNamara's almost conspiratorial tone that day, the memo of October 2, 1963—a report to the President by him and the chairman of the Joint Chiefs of Staff, General Maxwell Taylor—was no secret. Everything in it, including the deliberately misleading idea that the U.S. was accomplishing its goals in Vietnam and might be able to end the war in 1965 and withdraw 1,000 of its 17,000 uniformed "trainers" by the end of 1963, was announced by the White House and was on the front page of *The New York Times.*

To McNamara, the memo proved that he and Kennedy had been just about ready to shut down U.S. involvement in the war until fate intervened and the young president was shot down in Dallas. If this were true, it would offer an absolution of sorts to McNamara, but it doesn't hold up to scrutiny. There was no secret plan to end the war. General Taylor, for one, said later that the real purpose was to pressure the South Vietnamese government to "put their noses to the wheel or the grindstone or whatever" by threatening to abandon them if they didn't shape up in the war against the Viet Cong and North Vietnam. I thought the old warrior, or civilian director of warriors, took reporters for fools, and I wondered how many times he had tried this and whether he had gotten away with it.

Now McNamara has changed his mind about talking and written *In Retrospect: The Tragedy and Lessons of Vietnam.* It is a strange and amazing book. I would guess that no other high-ranking official of the U.S. government has ever written a book intended, apparently, to demean his own contribution to the Republic. On almost every one of its 320 pages, McNamara asserts that he and his colleagues who decided the country's policy towards Vietnam were misguided, wrong, stupid, deceptive, and deceived.

It is as savage an attack on McNamara as anyone has written—or likely will write. "Mea culpa" doesn't suffice to describe the late thoughts of this tortured man. He has written a breast-beating plea for mercy. Yes, yes, it was me, he seems to say. Please forgive me! McNamara is no longer sure of anything and the re-

Richard Reeves, a syndicated columnist, is currently writing a book on the presidency of Richard Nixon.

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sults are pathetic. "We were wrong, terribly wrong," he writes. Then follows, again and again and again:

> I was wrong.... We were wrong.... They were wrong.... We often did not have time to think straight.... The truth is I did not understand the plan.... I misunderstood the nature of the conflict.... We lacked experts for us to consult to compensate our ignorance.... We totally misjudged the political forces.... Once again, we failed miserably to coordinate our diplomatic and military actions.... In retrospect, we erred seriously.

Sad, too, are McNamara's dances around that McNamara-Taylor Report of October 1963. At one point, he corroborates Taylor's statement. "By threatening to reduce U.S. help or even actually reducing it," he writes, "we thought we could, over time, convince South Vietnam President Ngo Dinh Diem to modify his destructive behavior." At another, he cites the memo to support what he had implied to me and so many others: "With the advantage of hindsight, I think it highly probable that, had President Kennedy lived, he would have pulled us out of Vietnam."

Yes, but when? Kennedy was the one who got us into Vietnam. There is nothing new in the book upon which to base this—most of the sourcing is from "Foreign Relations of the United States," volumes which have been public for years. Without providing any new information, McNamara's spin on the events of the summer and fall of 1963 carries no more historical weight than any other well-informed guess about Kennedy's intentions.

Killing Time

The pivotal event seems to have occurred late in the summer of 1963. On August 24, with the President, McNamara, and Secretary of State Dean Rusk out of town for a summer weekend, a cabal led by Undersecretary of State Averell Harriman, and including Assistant Secretary of State Roger Hilsman and Michael Forrestal, persuaded (or tricked) Kennedy into signing off on a telegram to Ambassador Henry Cabot Lodge that gave the CIA permission to work with the South Vietnamese army and overthrow Diem's government.

Two months later, on the first day of November 1963, Diem was dead, assassinated in the coup. From that day on, South Vietnam was an American colony and the U.S. was in the quagmire. Author McNamara does not state (or does not understand) that a key event in the run up to the murder of Diem was his own switching sides during his late September visit from pro-Diem to pro-coup—maneuvered, or tricked again, by Harriman and Lodge.

McNamara recounts a meeting, set up by Lodge, between himself and a British Vietnam expert named P.J. Honey at Lodge's Saigon residence on September 26, 1963. (In McNamara's notes from the time, Honey is referred to as "Professor Smith.") Honey's thoughts—he urged McNamara to back the overthrow of Diem—"carried special weight with me because of his strong background and because he had previously supported Diem," he writes. Strangely, when I asked McNamara in a letter about this meeting, he claimed not to remember ever meeting Honey.

McNamara makes much of the fact that just after Kennedy was killed, he realized that he had been wrong—and arrogantly so—about Vietnam. On December 21, 1963, after another visit to Saigon, he wrote a memo saying:

> There is no organized government in South Vietnam at this time.... It is abundantly clear that statistics received over the past year or more from GVN officials and reported by the U.S. mission on which we gauged the trend of the war were grossly in error.... It is my conclusion that the coup came when there was a downward trend which was more serious than was reported. And, therefore, more serious than realized.... There are more reasons to doubt the future of the effort ... than there are reasons to be optimistic about the future of the our cause in South Vietnam.

That memo, however, was "to the record"—for his own files rather than to the new president, Lyndon Johnson. For the next five years or so, he went in the opposite direction, lying to protect the falsehood of an inevitable American victory.

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In Retrospect does, however, reveal one big lie: the fiction that President Kennedy was unaware that his administration was in the assassination business, with Fidel Castro as the usual target. More than once McNamara advocated assassinating Castro. "The only thing to do is eliminate Castro," he said at a Cuba Task Force session after the Bay of Pigs fiasco in April 1961. "I mean it. It's the only way." He was saying the same thing at least as late as the end of 1962, according to the minutes of various task forces dealing with covert Cuban actions.

This is as savage an attack on McNamara as anyone has written—or likely will write. It is a breast-beating plea for mercy. Yes, yes, it was me, he seems to say. Please forgive me!

In 1975, testifying before the Church Committee investigating the CIA and its assassination plots, McNamara, by then president of the World Bank, said this: "I do not believe that President Kennedy gave the authority. I also do not believe that the CIA would take such actions without the authorization of the President. I know that it is contradictory, but that's the way it is."

Can We Talk?

That background is not part of his book, but McNamara is now more straightforward about who was giving the orders in the Kennedy White House, writing: "During my seven years in the Defense Department (and I believe throughout the preceding and following administrations) all CIA 'covert operations' (excluding spying operations) were subject to approval by the President and the secretaries of state and defense, or their representatives. The CIA had no authority to act without that approval. So far as I know, it never did." For that reason alone, it strikes me as worthwhile that McNamara, for his own reasons, did finally decide to write this down and clear up one of the more enduring questions of Kennedy's presidency.

He does not tell all, by any means. But there are flashes of a human being there when he writes of the pain his family endured as millions of his countrymen saw him as some kind of monster. In the midst of his statistics and heavy-handed discussions of public policy, he tells of anti-war demonstrators' attempts to burn down his vacation house outside Aspen, Colorado, and of his friend, the President's widow, Jacqueline Kennedy, beating her fists against his chest and crying, "Do something to stop the slaughter!"

McNamara's last chapter is called, of course, "The Lessons of Vietnam." They are quite ordinary. Except for some detail they are probably the same ones taught by good high school history teachers: Don't fight a people you don't know anything about and can't figure out; tell the truth if you want the long-term support of the American people; organize better, etc.

But, truth be told, McNamara still doesn't understand Vietnam. He still calls it a "tiny" country. Unified Vietnam has more than 70 million people and it is more than 1,000 miles from Hanoi to Ho Chi Minh City (Saigon). The Vietnamese have been there for thousands of years and they will be there a thousand years from now. We never had a chance.

What is the lesson, then? Perhaps that Americans on both sides of the divisive national debate on Vietnam should not wait until they are 78 years old to tell the truth about what happened. The war was foolish, perhaps pointless, but many of us are still trying to justify what we did or did not do then. Some of us are trying to have it both ways. We have a president now, a protester then, who seems to be destined, like McNamara, to wait his entire life before standing up and saying what needs to be said: "The war was a mistake. I thought so then. I think so now. Whether we agree or disagree on that, it's over and we have to move on together now." □

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Political Booknotes

It's All the Rage: Crime and Culture
Wendy Kaminer
Addison Wesley, $22
By John J. DiIulio, Jr.

In 1994, Delaware Democrat Joseph Biden chaired the Senate Judiciary Committee as it groped its way toward a $30 billion-plus crime bill that had something for just about everyone—prison construction firms, Mayberry-sized police departments, drug rehabilitation therapists, midnight basketball referees, and unemployed executioners. Republican ingrates said the Biden-led bill was full of pork. Untrue! As the GOP rushes to steal poor children's lunch money, they must learn the difference between pork and baloney.

The main baloney in Biden's crime bill was its "100,000 cops" provision. On average, it costs $50,000 a year for a cop, and that's not counting the badges, blue suits, patrol cars, and pension liabilities. And with four shifts (three on, one off), non-patrol work (desk supervisory, special assignment), sick leave, days off, and training time, putting ten sworn officers on the payroll buys barely one around-the-clock beat cop.

Last August, instant analyses by conservative critics found that the bill's $8.8 billion for police funded only 20,000 cops, but even this figure was way too generous. In reality, the bill offered only a fistful of seed money for three years. Sunnyvale, California—the city that inspired "reinventing government"— was offered $450,000 in Biden dollars. But to meet its quota of six cops, it found it would have to spend $8 million of its own. The city said no thanks. In February the Justice Department hustled grants for 7,000 cops to 6,600 other small cities.

Wendy Kaminer's *It's All the Rage: Crime and Culture* is at its best exploring how America's Joe Bidens—well-intentioned lawmakers who know better—have produced such a large, ineffective, dishonest, and downright dopey body of federal anti-crime legislation. Kaminer, who worked briefly as a public defender and is now a contributing editor to *The Atlantic Monthly*, examines how over the last two decades the crime issue has turned potential profiles in courage into pandering politicos. The title of chapter seven, "Knowledge is Irrelevant—Federal Crime Control," just about sums it up. In a typically pointed passage, Kaminer writes: "Protesting the influence of politics on policy, you feel a little like Claude Rains protesting gambling at Rick's. It's hard not to be *shocked! shocked!* by the utter politicization of criminal justice debates."

Or for a more contemporary cinematic reference on federal crime policy, how about *Dumb and Dumber*? In place of Biden's oft-repeated white lie about "100,000 cops," the Contract-bound Republicans have told a whopper, namely, that the best way to "Take Back Our Streets" is by dropping a do-whatever-you-want $10 billion grant on the states.

Knowledge, including history, is irrelevant to these folks. I hereby sentence House GOP leaders to reading the thousands of pages that have been written about the Law Enforcement Assistance Administration (LEAA). Born under Johnson and buried under Reagan, the LEAA channeled billions to the states but did virtually nothing to combat crime. Block grants on crime are recipes for leaky-bucket inter-governmental administration, cost overruns, and outright corruption. I also hereby sentence House GOP leaders to a course in remedial logic; the same Republicans who clamor for block grants in the name of our third "new federalism" since 1970 (please!) have attached tight strings to the $10.5 billion earmarked for prison construction.

But I would offer suspended sentences to anyone who agreed to undergo treatment by reading *It's All the Rage*. In addition to her cogent assessment of federal crime policy, Kaminer devotes entire chapters to victims' rights, the death penalty, and the prosecutor's perspective on crime and punishment. With no pretense to detailed expertise on any of these subjects (the research for this book consisted mainly of selective secondary reading plus interviews, many of them with liberal crime analysts), Kaminer shows admirable frankness about where she's coming from. (She confesses, for example, that she's never been a fan of the death penalty and isn't going to start now.) She thinks out loud, writes with a refreshing, show-me attitude, and offers several keen insights.

Immanuel Kant couldn't quite square the circle of free-will-versus-determinism in relation to "justice," so no one should fault Wendy Kaminer for failing to do so, or for occasionally sounding sophomoric in addressing our "existential confusion" about who is "guilty" of what. Instead, credit her with the intellectual intuition to understand that our crime debate is irrational not merely because of the sensational mass media. Rather, our crime-crazed culture springs from the lack of any consistent criteria for deciding who ought to be punished, for what crime, how, by whom, and under which conditions.

Kaminer writes that she "felt challenged and sometimes intimidated by the wealth of research and commentary by people who've spent years studying the death penalty and litigating capital cases." I'm glad that she overcame these feelings long enough to write the book. I wish more top-

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flight journalists would make such stabs. But on the death penalty and other complicated issues, I also wish she had been more careful and balanced.

For example, one would never know from Kaminer's account that between 1977 and 1993 some 350,000 Americans were murdered. Over the same period, just 226 death row inmates were executed. In 1993, about 42 percent of the nation's 2,716 death row inmates were on probation, parole, or pretrial release at the time they had killed, and 66 percent had one or more prior felony convictions. Many of their victims would be alive today had the offenders not been released from custody. Studies show that many death row prisoners whose sentences were commuted have committed new acts of violence, including murders. Most murderers in state prisons spend under nine years behind bars. As for the question of racial disparities, the fact is that over 80 percent of murders are intra-racial. Solid majorities of Americans from every demographic description favor the death penalty, not strictly as a deterrent, but for the sake of retribution. Moreover, the National Research Council found that, historically, black homicide rates have never been less than five times white rates. In recent years, black homicide rates have been over ten times white rates. Still, in 1993 about 58 percent of death row prisoners were white. Such data do not prove that post-1972 capital sentencing is color-blind. But this does suggest that capital sentencing is far less color-sensitive than Kaminer allows.

I could go through the same tutorial on prisons. Kaminer writes that lengthening prison terms has not "proven effective." Not true. Studies show that keeping violent and repeat offenders in prison longer has averted hundred of thousands of crimes. There's a mountain of evidence that community-based criminals commit millions of crimes each year (35 percent of all violent crime arrestees are on probation, parole, or pre-trial release). There are site-specific tallies of how many people are murdered by parolees. And, of course, there's common sense: If we randomly released 25 percent of the prison population tonight, do you suppose we'd have more or less crime next weekend?

Still, this book merits favorable attention. Buy a copy, read it, and then rush it off to your favorite representative or senator with the inscription, "No more silly crime mega-bills, please."

John J. DiIulio, Jr. is professor of politics and public affairs at Princeton University. His latest book (with Donald Kettl) is Inside the Reinvention Machine: Assessing Governmental Reform.

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The Media and the Mayor's Race: The Failure of Urban Political Reporting
Phyllis Kaniss
Indiana University Press, $39.95
By Dale Russakoff

It would be hard to find a mayoral election with higher stakes than Philadelphia's in 1991. The city government stood at the brink of fiscal ruin. It was stiffing creditors, from foster parents to giant utilities. The threat of bankruptcy loomed so large that one candidate, Republican Sam Katz, scored points in a televised debate by intoning the number of days until the city was to go belly up. "Ninety-five days to default!" he said archly.

Phyllis Kaniss, assistant dean of the Annenberg School for Communication at the University of Pennsylvania, saw that Philadelphia's 1991 mayoral race offered a rare opportunity to evaluate the performance of the local media. With a city's very survival in the balance, she asks, how well were constituents informed on issues and candidates by the local media?

Her conclusion is clear from the subtitle: "The Failure of Urban Political Reporting." Kaniss asserts that the city's major newspapers, the *Philadelphia Inquirer* and the *Daily News*, and the three local television stations were not up to the task at hand. Her narrative also highlights some troubling aspects to the coverage of the Philadelphia race—all the more troubling, she suggests, since these foibles are not limited to the Philadelphia press.

Kaniss is at her best when painting vivid images of the race. And this was no ordinary race. Frank Rizzo, a veteran mayor who emerged from retirement to capture the Republican nomination, died shortly afterwards in the bathroom stall of his campaign headquarters. The eventual victor, Democrat Edward G. Rendell, is a captivating character in his own right. And there's a stellar supporting cast, led by bookish financial analyst Sam Katz.

Buoyed by its personalities, the race was also an epic struggle in a city with a rich history of racial and ethnic politics. And Kaniss, with a unique perspective and a fine eye for details, has written a very readable book.

Her analysis of what went wrong with the media coverage, though, is badly flawed. She argues, for example, that local television stations cater to the flipperies of affluent suburbanites at the expense of covering the city election, often substituting "fluff" for serious reporting. Fair enough. A local station manager quoted in the book admits as much—with no regrets. But Kaniss errs in drawing a direct parallel with newspapers. Her formula—that the search for audiences in the suburbs has led newspapers to abandon urban reporting—is simplistic. Yes, Philadelphia newspapers, like papers everywhere, have broadened suburban coverage. But it will be clear to anyone who has worked as a newspaper reporter—which Kaniss evidently has not—that many of the flaws she points to have less to do with external economic pressures than with a failure of imagination on the part of reporters and editors.

Kaniss chalks up every flaw she finds in the coverage of the election to her theory of economic determinism, missing an opportunity to explore how newspapers really work and how they could be made to work better—much better—on the local level. What about the status ladder that consigns local reporting at many newspapers to the bottom rung, with "star" writers and editors assigned to the national and foreign beats? Also, Kaniss overlooks a subtle point: The very nature of newspapers is that they cannot cover everything in depth. One editor I worked for put it this way: We'd like newspapers to be floodlights, illuminating the whole community, but in fact they are more like revolving

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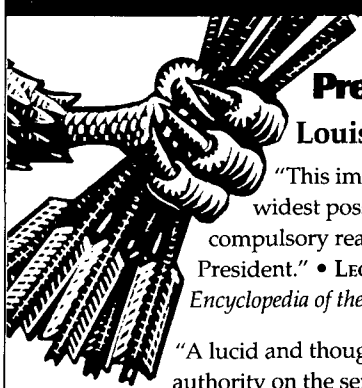

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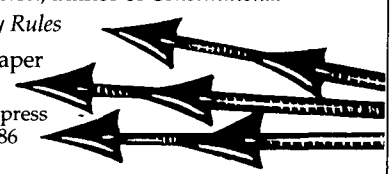

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searchlights, focusing selectively on events and issues.

Still, any paper is open to criticism for *how* it makes those selections. My own paper, *The Washington Post*, was justifiably criticized for pulling punches in its coverage of Mayor Marion Barry's third term, even as it led the way in pursuing the story of his drug use. Kaniss is justified in criticizing local coverage; unfortunately, she's right for the wrong reasons.

Kaniss also fails to give the papers credit where it is due. For instance, she calculates that 65 percent of the *Inquirer*'s stories were about the "horse race" of who was ahead and who was behind, while only 19 percent focused on issues. But in the year leading up to the 1991 campaign, the *Inquirer* chronicled a massive municipal bond sale that collapsed, bringing the city's rating on Wall Street down to the level of a junk bond. These news stories were followed by analyses laying bare the causes of the crisis—the overwhelming social costs of urban poverty and the failure of local political leaders to make brutal but necessary choices. These articles, and many others like them, represent precisely the type of reporting Kaniss claims was absent. Since they were not written during the campaign, Kaniss omitted them when she calculated the 65 percent "horse-race" figure. But these articles in fact shaped the discourse of the campaign.

Simplistic reasoning is on display again when Kaniss argues that Rendell won because he best understood how to manipulate the news industry. "It's a user's business," she quotes Rendell as saying. "They use you. You use them." Were it not for superficial media coverage, she argues, Sam Katz might have won the GOP primary and changed the dynamic of the general election.

This just doesn't wash. Katz was a wizard financial analyst, but his technocratic message lacked broad appeal; he also had bitter political enemies. And yes, Rendell is a gifted pol who uses the media to his advantage. But he is also widely recognized as one of the nation's most effective mayors. The same election produced a new city council majority that rallied behind Rendell, unanimously passing a bold fiscal rescue package that slashed union benefits, opened the way for privatization, and reformed the management of city personnel and resources.

At the root of Philadelphia's fiscal crisis was the hemorrhage of jobs and opportunity from the city. Although Rendell has not managed to halt this flow, he has at least given Philadelphia a viable city government to plot its future. Whatever else was at work, the landslide victory for Rendell and the new council indicates that the electorate had a strong sense that its city was at a crossroads. I wonder where that idea came from.

Dale Russakoff, a national correspondent for The Washington Post, *covered Philadelphia from 1991 to mid-1994.*

TODAY'S AGENDA

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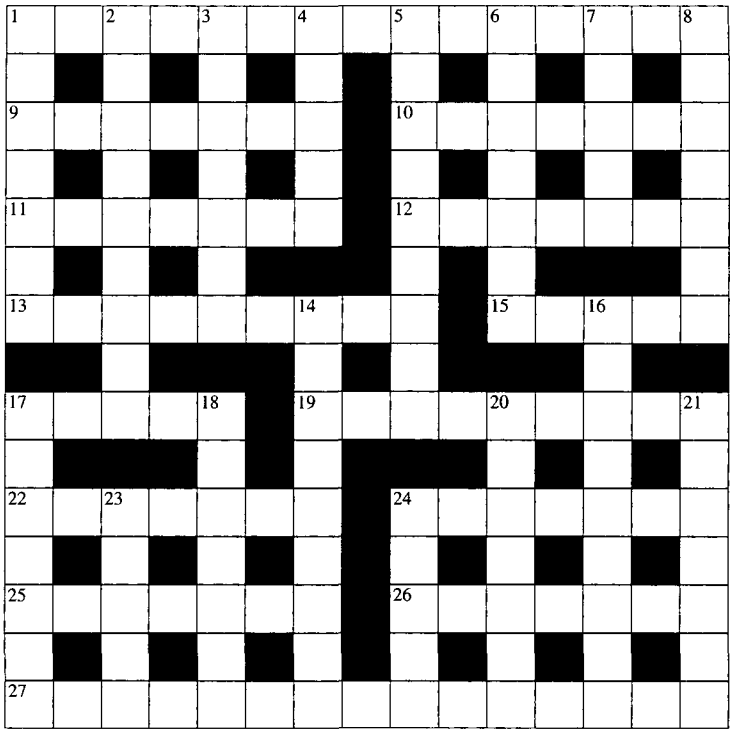
Political Puzzle

BY JOHN BARCLAY

The numbers indicate the number of letters and words—thus (2,3) means a two-letter word followed by a three-letter word. Groups of letters, such as USA, are treated as one word.



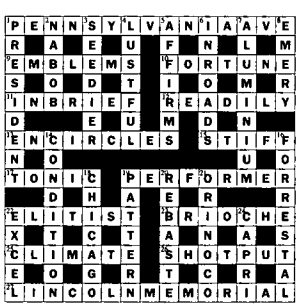
ACROSS

1. Nice pen gifts upset liberal economic policy. (7, 8)
9. No dated translation given. (7)
10. Composed gun tune for beneficial liquid. (7)
11. Closer chalet fixed before first rental. (7)
12. Disturbed wine sat around. (2, 1, 4)
13. Piece not changed for hoax. (9)
15. Red herring code broken in front of club. (5)
17. Search take-out around 5:00. (5)
19. Deprecated, hence aped, demonstration. (9)
22. Dragged-down, ill-used mixture. (7)
24. Sinatra performing for court figure. (7)
25. Toss nut coin for insincerity. (7)
26. God search is daily life for many. (3, 4)
27. Caged stubble and wrecked conservative economic plan. (8, 7)

DOWN

1. Made first draft, went ahead and accomplished nothing. (7)
2. Fatal Inca maneuver is too strong. (9)
3. Recover fast food item, we hear. (5, 2)
4. Party in the upcoming customary pattern for English house. (5)
5. Dirty mind could be nice, purer. (9)
6. Miser puts $2,000 in rising drain. (7)
7. Passive in airliner transaction. (5)
8. Opportunity to turn East label up. (7)
14. Happening twice? Nice changes around beginning of December! (9)
16. Frank consumed a potential President. (9)
17. Burst explosively after Princess' trouble. (7)
18. Issue strange diet particle. (7)
20. Argued about worker improperly introduced. (7)
21. Despair about infants' needs. (7)
23. Weight-watching workers group? (5)
24. Seventh robbery nets pound. (5)

Answers to last month's



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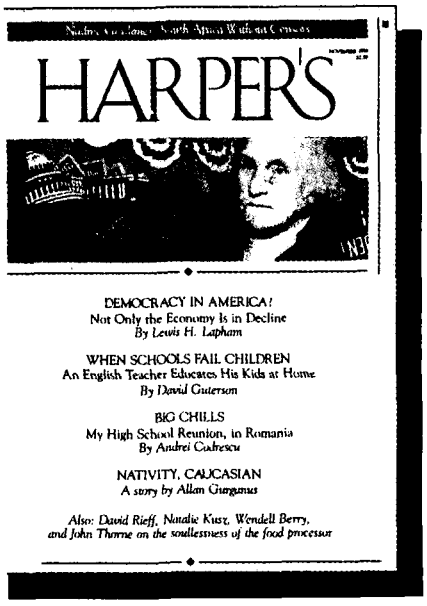
It's not homework.



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